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HIGHEST HONOR — President Ronald Reagan presented the Medal of Freedom to his special Middle East envoy, Philip C. Habib, at the White House Tuesday. Story, Page 2.

Arabs Said to Be Near Peace Offer

By Michael Goldsmith
The Associated Press
FEZ, Morocco — Arab leaders will negotiate a Middle East peace on the basis of President Ronald Reagan's initiative, but only if Israel recognizes the PLO and the agrees to a Palestinian state incorporating East Jerusalem, officials said Wednesday.

Israel has rejected those conditions in the past.

The leaders, meeting at the Arab League summit, were approaching consensus on an unprecedented offer of mutual recognition between Israel and the Arab states, according to the officials. There were indications that a draft of a final communiqué was almost ready.

President Ali Nassir Mohamed of South Yemen abruptly left the summit and flew home, apparently to show his displeasure with the proposed offer of mutual recognition.

King Hassan II of Morocco showed his anger at Mr. Mohamed's departure by sending only junior officials to see him off.

South Yemen is a member of the front of Arab hard-liners who refuse to accept the existence of Israel. Another member of the front, Libya, boycotted the summit, calling it a "betrayal of the Arab cause." But all the other hard-liners, including Yasser Arafat, leader of the Palestine Liberation Organization, continued to take an active part in the summit.

In a conciliatory speech to the summit Tuesday, Mr. Arafat said the Reagan plan and an earlier plan proposed by Saudi Arabia could form the basis for a negotiated settlement of the Middle East conflict.

The conditions to be attached to the Reagan plan would make the U.S. proposals closely resemble those put forward last year by King Fahd of Saudi Arabia.

Mr. Reagan proposed elections in the West Bank and Gaza Strip for an autonomous Palestinian "domestic authority" in association with Jordan, which ruled the West Bank from 1948 to 1967. Mr. Reagan also called for a freeze on Jewish settlements in the occupied territories.

The sources said the Arab leaders offered to open talks for a general Middle East peace settlement on the basis of the Reagan plan, under the following main conditions:

- The "domestic authority" be transformed into a sovereign, independent Palestinian state.
- That state should include East Jerusalem.
- The PLO be recognized by Israel as the "sole legitimate representative of the Palestinian people" before any elections in the West Bank and Gaza.

Israel has said it will never give up Jerusalem or recognize an independent Palestinian state in the West Bank.

The Israeli cabinet last week rejected Mr. Reagan's plan, even without those conditions.

The Arab summit sources said the only part of the package still to be decided was the exact wording of the offer of mutual recognition. The package was drafted in many hours of discussions among King Fahd, King Hussein of Jordan, President Hafez al-Assad of Syria, Mr. Arafat, and Tunisian and Lebanese ministers, who form the summit's main committee under the chairmanship of King Hassan.

A delegation source said the summit agreed to dispatch groups of Arab leaders to Washington and other major capitals to explain the Arab conditions. A Lebanese source said the delegation to Washington would include Mr. Arafat.

The summit sources said the committee also called for a total and unconditional Israeli withdrawal from Lebanon and authorized Mr. Assad to withdraw his "peacekeeping" troops and their Palestinian auxiliaries from Lebanon territory.

The leaders took a break from three days of intensive talks to attend a folklore festival near the summer palace of King Hassan, south of Fez.

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Knesset Backs Rejection of Reagan Plan

By Edward Walsh
Washington Post Service
JERUSALEM — Israel's parliament Wednesday endorsed Israel's rejection of President Ronald Reagan's Middle East peace initiative after Prime Minister Menachem Begin taunted his opposition critics by threatening to call early national elections over the issue next spring.

By a vote of 50-36, the Knesset backed a resolution supporting the cabinet's earlier unanimous rejection of the U.S. proposals a few hours after it had also formally endorsed the government's conduct of the war in Lebanon.

Mr. Begin opened his defense of government policy by announcing that Israeli jets had destroyed a battery of SAM-9 anti-aircraft missiles in Syrian-controlled eastern Lebanon. Both Mr. Begin and military officials warned that Israel would not tolerate such weapons in Lebanon.

[The Israeli military command said the missile battery had been at Dahr al-Baid, about seven miles (11 kilometers) northeast of the town of Bhandoun in the central Chouf mountains. The Associated Press reported.]

Party member, Victor Shemtov, who contended that a majority of Israelis favored a "territorial compromise" in return for peace with Jordan, Mr. Begin said.

"Let's agree that elections be held in May or June. Do you agree? If you do, we'll prove who speaks for the majority."

The remark came in the midst of a highly political speech and was not a formal call for elections before the Begin government's term expires in 1985.

But it reflected Mr. Begin's political confidence following the war in Lebanon, which, according to recent public opinion polls, has boosted the prime minister personally and his governing Likud bloc to the highest levels of public support they have ever enjoyed.

Wednesday's debate was spirited — a Labor Party member was ejected from the Knesset for repeatedly interrupting Mr. Begin with shouts — but the outcome was never in doubt.

The Labor Party has endorsed the Reagan proposals as a good basis for negotiations, but it has not mounted a major campaign to gain public support for them.

Urging adoption of the Labor Party position, a Knesset member, Shlomo Hillel said that the government's adamant opposition to the proposals had created the "unprecedented situation" in which the Arab leaders who were meeting in Morocco appeared more moderate than the Israeli leadership.

The prime minister said that despite the sharp Israeli rejection of the proposals, overall U.S.-Israeli relations were not at stake in the dispute.

"This plan died the minute it was born," he said. "Perhaps in the future there will be no trace of it, but American-Israeli friendship will remain."

Mr. Begin said that while the dispute was a political matter to Mr. Reagan that was perhaps linked to a U.S. need to mend political fences with moderate Arab governments, "for us it is our homeland, our country, the land of our fathers and sons."

Speaking before Mr. Begin, Foreign Minister Yitzhak Shamir said: "The Camp David agreements are being emptied of their content. Everything that was proposed at Camp David by the Arab side and rejected by Israel reappears in the form of a presidential position coming from above to subdue and cow Israel."



Prime Minister Menachem Begin of Israel received a note from Defense Minister Ariel Sharon on Wednesday during a parliamentary debate in Jerusalem on the war in Lebanon.

Pipeline Sanctions Extended To Include More Affiliates

By Robert D. Hershey Jr.
New York Times Service
WASHINGTON — The Reagan administration, with little fanfare, has moved to extend sanctions to subsidiaries and affiliates of foreign companies supplying U.S.-licensed equipment to the Soviet Union for construction of the trans-Siberia natural gas pipeline.

The new action extends deeper into the business structure of foreign countries, while narrowing the sanctions to apply only to oil and gas equipment rather than to all U.S. products.

The Commerce Department proposed Tuesday to add 13 subsidiaries and affiliates of Creusot-Loire, a French company building compressor stations for the pipeline, to its list of companies that have violated the sanctions. Creusot-Loire was previously blacklisted. In imposing sanctions Saturday on Nuovo Pignone, an Italian company that provided turbines for the pipeline, the department included a subsidiary called INSO.

The new moves, which a department spokesman, B. Jay Cooper, called "a means to assure compliance" with the U.S. ban, represented at least a partial reversal of the administration's effort to make the sanctions less politically divisive by sharply limiting the products to which they apply.

Construction in Early Stages

The embargo was initiated to protest Soviet repression in Poland, to prevent European allies from becoming too dependent on Soviet natural gas and to deny the Soviet Union the hard currency the pipeline would bring in. The 3,700-mile (5,900-kilometer) line, in the early stages of construction, would carry natural gas to several West European countries.

In addition to the sanctions already imposed on the French and Italian companies, the administration has indicated it intends to move against John Brown Engineering, a British company, as soon as six Brown-built turbines incorporating American technology leave Glasgow on a Soviet freighter. Because of a faulty loading crane, the ship has been moved to another berth, delaying the departure until Thursday, according to a port official.

The department's effort Tuesday to apply the sanctions to the 13 additional companies related to Creusot-Loire was not immediately successful. Lawyers for the concern objected here and a government hearing officer, Thomas Hoya, gave them until the end of the week to make their case. Essentially, Creusot-Loire declared, the inclusion of the additional companies would be "an intolerable broadening" of the sanctions.

Earlier sanctions against Dresser Industries Inc., a U.S. subsidiary of Dresser Industries Inc., were narrowed Tuesday and limited to oil and gas equipment. Dresser France is a subcontractor to Creusot-Loire.

In its weekend announcement, the Commerce Department repeated earlier assertions that limiting the sanctions to oil and gas equipment did not represent a softening of the U.S. position.

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Earlier Wednesday, by a vote of 50-40, the Knesset endorsed the government's conduct of the war in Lebanon after rejecting a Labor Party resolution that criticized the decision to send Israeli forces beyond the initial announced goal of clearing the Palestine Liberation Organization from a 25-mile corridor across southern Lebanon.

■ Marines Prepare Beirut Pullout

The U.S. Marine contingent of the multinational force that supervised the withdrawal of Palestinian and Syrian troops from Beirut began packing Wednesday to withdraw from the Lebanese capital by Friday, ignoring a request from Prime Minister Shafiq al-Wazzan of Lebanon that they remain indefinitely, United Press International reported.

U.S. weapons experts are reported ready to visit Lebanon. Page 2.

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Swiss Reject Request By Gunmen to Escape

Compiled by Our Staff From Dispatches
BERN — Anti-Communist Polish commandos holding five hostages in the Swiss capital's Polish Embassy expanded their list of conditions late Wednesday for the release of the remaining captives, demanding unimpeded passage out of Switzerland.

The Swiss government, sticking to its original stand, turned down the demand, repeating instead that it will accept only the unconditional release of the hostages and the surrender of their captors.

The commandos, who claim membership in the little-known Polish "Insurgent Home Army," are also demanding an end to martial law in Poland and the release of political prisoners and dissidents interned by the Warsaw regime. They have threatened to blow up the embassy with 25 kilograms (55 pounds) of dynamite if their demands are ignored.

Shortly before Swiss authorities rejected the new condition, they rescued a diplomat who had been hiding in the attic since the gunmen stormed the building Monday.

The police identified him as Josef Matysiak, an attaché. A photograph of him standing at window of the embassy holding a note was published in a Swiss newspaper Wednesday. Government officials had asked newspapers not to print the photograph to avoid endangering his life.

Journalists outside the embassy said that he had crawled over the embassy roof and that police had moved in to help him.

Mr. Matysiak was the ninth person to leave the embassy. By Wednesday morning, the occupiers had released eight hostages — six women, a Polish student and a diplomat with high blood pressure. Achille Casanova, a government spokesman, said all eight were in satisfactory health.

The occupiers had threatened to blow up the building with dynamite if their demands were not met by Friday. They originally set 10 A.M. Wednesday as the deadline, but on Tuesday night they postponed it until Friday.

The Swiss government rejected on Wednesday Poland's offer to send a paramilitary unit to Bern to help rescue the hostages.

"It is not necessary. It was rejected on principle," said a Swiss

Swiss Justice Ministry: "We are continuing to negotiate."

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Mr. Casanova said five hostages remain in the building, among them Zygmunt Dobruszewski, a military attaché, who hid in a separate section of the embassy and was freed by the terrorists Tuesday afternoon.

The English-language service of PAP, the Polish news agency, identified the remaining hostages as Jerzy Rojek, Stefan Piwowar, Czeslaw Morczek, Czeslaw Antonowicz and Mr. Dobruszewski.

The Polish government newspaper attacked a prominent Roman Catholic bishop Wednesday, accusing him of equating martial law police with Nazis and inciting youth to attack the Communist regime. The Associated Press reported from Warsaw.

The attack on Bishop Ignacy Tokarczuk of Przemyśl, in southern Poland near the Soviet border, was believed to be the first on a prominent church leader since the imposition of martial law and the suspension of Solidarity, the independent trade union, Dec. 13.

The government paper, Rzeczpospolita, took Bishop Tokarczuk to task for a sermon Sept. 5 in which he reportedly criticized atheism, urged the closing of state-run farms and accused the authorities of using "brutal violence."

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Hotel-Room Raid Is Latest Twist in China's Isolation of Foreigners

By Michael Weisskopf
Washington Post Service
BEIJING — With detectives posted on a nearby rooftop and decoys sent to stake out the scene, officials of the Jiangsu Hotel figured they had uncovered a dangerous case of bourgeois corruption on their fourth floor shortly after midnight last Sunday.

They were poised to catch red-handed what they thought was a local Chinese woman visiting a Westerner in his off-limits hotel suite.

But when the hotel night manager and six retainers sprang their trap, they found instead a resident ABC News correspondent, Jim Laurie, 35, drinking a glass of mineral water with a Chinese-Canadian friend, Colleen Leung, 26.

Not easily deterred, the house detectives rejected Miss Leung's Canadian passport as invalid and accused the American newsmagazine of harboring a Chinese local in his cozy, split-level quarters.

At 2 A.M., they returned each, armed with

Sometimes, in their zeal to immunize local Chinese from the pitfalls of foreign contact, the authorities confuse "suspects" with their look-alikes from abroad.

"If you're overseas Chinese, you always have to prove you're not guilty of being local," said Miss Leung, who has worked in Beijing for two years as an English translator and who described the Jiangsu Hotel caper in an interview.

Beijing has isolated its foreign community ever since traders and missionaries penetrated the Middle Kingdom in the 17th century and were forced to live outside the city gates. Three hundred years later, the quarantine policy has become more complicated — some say more pressing — as China admits a diverse group of students, businessmen, scholars, diplomats and journalists.

With their shiny cars and open lifestyles, foreigners present an attractive contrast to the gray Chinese interior. This unique difference has

ations with a tottering economy and stimulates the traditional impulse to keep foreigners behind high walls.

Officials enforce a strict isolation policy by restricting foreigners to certain housing complexes and hotels — like the modernistic Jiangsu — that are out-of-bounds to local Chinese.

For Beijing residents, a foreign friendship is almost certain to attract the attention of the dreaded public security police. Common workers are warned in political study sessions to beware of foreigners who are out to steal state secrets and corrupt them with loose morals.

Chinese authorities have dramatized their commitment to the separatist policy by cracking down on a number of relationships they deemed to be illicit.

Last year, the 25-year-old fiancée of a French diplomat who had been living with him in a foreign compound was arrested and sentenced to

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2 Are Hanged in Jamaica

United Press International
KINGSTON, Jamaica — Two convicted murderers were hanged in Jamaica after spending six years on death row. Noel Riley, 26, and Anthony Forbes, 25, were executed for the robbery and murder of a furniture store owner in 1974.

UN Weakness Detailed In a Candid Appraisal By Secretary-General

By Bernard D. Nossiter
New York Times Service

UNITED NATIONS, New York — In an unusually candid report on the state of the United Nations, Secretary-General Javier Pérez de Cuéllar acknowledges that the organization is being largely defied or ignored by many nations.

He urges a series of measures, including a special Security Council meeting, to strengthen the organization.

The first yearly account of Mr. Pérez de Cuéllar, who became secretary-general Jan. 1, marks a sharp break with those of Kurt Waldheim and other previous UN leaders, whose reports typically deplored the state of the world but stressed UN achievements.

The new secretary-general's blunt appraisal reflected the crisis that veteran officials here believe has overtaken the organization.

The past nine months have been a period of almost unrelieved failure of the United Nations in its major task — preventing or halting war.

Mr. Pérez de Cuéllar, a former Peruvian diplomat, made an intensive effort to mediate the dispute between Argentina and Britain over the Falkland Islands and did not succeed.

The Security Council repeatedly and unanimously demanded a cease-fire in Lebanon, called on Israel to withdraw its troops and insisted on inserting UN observers between Israeli forces and those of the Palestine Liberation Organization. All these demands were rebuffed.

The secretary-general listed other examples of "an alarming succession of international crises in which the United Nations has been unable to play as effective and decisive a role as the charter envisaged."

Among them are the refusal of the Soviet Union to withdraw its estimated 100,000 troops from Afghanistan; the failure of Vietnam to remove its forces from Cambodia; the turbulence in Nicaragua, El Salvador and Honduras; and

the continuing war between Iraq and Iran.

Mr. Pérez de Cuéllar said the only "signs of a possibility of a solution" are in South-West Africa, where the United Nations seeks to create an independent Namibia from the South African-ruled territory through UN-supervised elections.

Even if Namibia proves an "exception to the general rule," he said, "we are perilously near to a new international anarchy."

Implied Criticism

He singled out the impotence of the 15-member Security Council, saying it "often finds itself unable to take decisive action." He named no names but observed that the UN attempt at collective security assumes "a working relationship among the five permanent members" — the United States, the Soviet Union, China, Britain and France.

The secretary-general complained that peacekeeping efforts in Lebanon broke down in part because "member states in a position to bring influence to bear" did not do so.

This appeared to be a criticism of the United States for failing to restrain Israel, but Mr. Pérez de Cuéllar said in an interview Tuesday that other nations and his own office enjoy influence over the Palestine Liberation Organization and Syria.

His report urged the council to bolster its peacekeeping edicts with "explicit guarantees for collective or individual supportive action," such as the imposition of sanctions against nations that defy it.

The secretary-general urged the council to meet "at the highest possible level" to examine ways of making it will. Later, he said he thought other foreign ministers or heads of government should confer.

Soviet Visit Begins

Mr. Pérez de Cuéllar arrived in Moscow Wednesday for one of a series of courtesy calls he is making, as the new secretary-general, to the five permanent members of the Security Council, United Press International reported.



The secretary-general of the United Nations, Javier Pérez de Cuéllar, center, is greeted at the airport in Moscow by Foreign Minister Andrei A. Gromyko. He is expected to stay until Sunday and talk with President Leonid I. Brezhnev about Security Council operations.

Soviet Dissidents Dissolve Group, Cite 6 Years of 'Cruel Persecution'

Reuters

MOSCOW — The dissident Helsinki Group, set up to monitor Soviet compliance with human rights accords, said Wednesday that it was ending its operations after one of its three remaining members was told she may be tried.

Yelena G. Bonner, wife of Andrei D. Sakharov, who is in internal exile, issued a statement to journalists saying "cruel persecution" of the human rights group from the moment it was founded in 1976 had finally destroyed it.

"In this increasingly difficult situation the group cannot fulfill the duties it assumed, and under pressure from the authorities it is ending its work," the statement said.

Defamation Charges

Mrs. Bonner, Sofiya Kallistratova and Naum Meyman are the only members left of the group that was frequently in the news in the West in the late 1970s when its

leaders were imprisoned one after another.

Mrs. Bonner said Mrs. Kallistratova, 75, had been told by the state prosecutor's office Monday that she would know in the next few weeks whether she would be formally charged with "defaming the Soviet state." If convicted she could be sentenced to three years in prison or one year in a labor camp.

The Helsinki Group was set up in May 1976 to monitor Moscow's adherence to the human rights sections of the Helsinki accords of 1975.

Its founder, Yuri Orlov, was imprisoned in May 1978, and the Moscow group lost most of its effectiveness when Dr. Sakharov, its last leader, was banished to Gorky in 1980.

Past members of the group who are now in camps include the Rev. Gleb Yakunin and Anatoly Shcharansky, who was accused of

espionage and sentenced to 13 years in 1978.

Sakharov Committee Continues
The chairman of the International Sakharov Committee said Wednesday that the group would continue its work despite the disbanding of the Helsinki Group. The Associated Press reported from Copenhagen.

The committee was organized eight years ago in honor of Dr. Sakharov. It has monitored the treatment of dissidents and alleged human rights abuses in the Soviet Union. Feldstedt Andersen, chairman of the Sakharov committee, said he had not been informed of the demise of the Helsinki Group but said it would not affect his committee's work.

The committee is helping organize a public hearing on allegations that the Soviet Union is using political and religious prisoners for construction of the trans-Siberia gas pipeline, Mr. Andersen said.

General's Son Accuses Party Of Mafia Role

Dalla Chiesa Seeks Probe Of Christian Democrats

ROME — The son of General Carlo Alberto Dalla Chiesa, who was assassinated in Sicily last week while heading a campaign against the Mafia, accused the island's Christian Democratic political leaders Wednesday of involvement in his father's murder.

"My father's assassination was a political crime, planned and executed in Palermo," Nando Dalla Chiesa said in an interview with the newspaper La Repubblica.

"Neither I nor my family are interested in knowing who the killers were. What we are interested in is that those who ordered the killing should be identified and punished, and in my opinion they should be sought among the Sicilian Christian Democrats."

He added: "The Mafia is on speaking terms with everyone, including the island's Christian Democratic dignitaries. Some of these people opposed giving my father any special powers."

Staff Links to Mafia

Mr. Dalla Chiesa said his father, who was murdered Friday, had discovered that even some members of the staff of his prefecture, or regional government, were involved with convicted mobsters.

Mr. Dalla Chiesa made it clear he was not accusing the Christian Democrats as a whole but was referring to officials of the party in Sicily and in Palermo in particular. The Christian Democratic Party is Italy's biggest.

Mr. Dalla Chiesa said that while his father was director of Italy's anti-terrorist police he "was used to having his back covered and to have behind him all the political parties, headed by the Christian Democrats."

"But this time," he said, "as soon as he arrived in Palermo he understood, he felt, that some of the Christian Democrats not only did not cover him but opposed him."

Sicilian Reaction

Mr. Dalla Chiesa's charges raised a storm in Sicily.

In Palermo, the Communist Party's regional secretary issued a statement calling for the resignation of Mario d'Acquisto, the Christian Democratic president of the Sicilian region, and Nello Martellucci, the Christian Democratic mayor of Palermo.

Mr. Martellucci, whom Mr. Dalla Chiesa singled out for criticism on the ground that he failed to name the Mafia in his address at General Dalla Chiesa's funeral, sent a telegram to the judicial authorities asking that he be interrogated by the magistrature so that he could "rebut this attempt at moral assassination."

Secret Service Report

Police sources said a secret service report presented to investigators indicated the Mafia had chosen to eliminate General Dalla Chiesa as soon as they felt he was closing in on their economic empire.

The report said Mafia chieftains evidently had obtained information on the general's plans and movements that enabled them to plot the time of his murder to the minute.

The Italian government has responded to the killing by pushing legislation through the Chamber of Deputies giving his successor, Emanuele De Francesco, wide-ranging new authority to investigate banking and political connections and by speeding up legislation that outlaws association with the Mafia for the first time in the country's history.

NATO Said to Endorse U.S. Position

BRUSSELS — NATO leaders Wednesday endorsed Reagan administration assertions that the Soviet Union was continuing to install new SS-20 missiles despite a self-proclaimed Soviet freeze on such deployment, U.S. officials said.

A statement summarizing a one-day meeting of North Atlantic Treaty Organization representatives said the Soviet Union had completed three SS-20 bases since President Leonid I. Brezhnev announced a moratorium on deployment of the missiles.

A U.S. official said NATO supported the U.S. negotiation position, which pledges to forgo deployment of 572 Pershing-2 and cruise missiles in Europe if the Soviet Union dismantles its SS-20s.

India, France End Atom Plant Talks

NEW DELHI — Indian and French officials ended talks Wednesday on conditions governing French nuclear fuel supplies for an Indian atomic power plant near Bombay, but they apparently reached no agreement.

A spokesman for the Indian Foreign Office declined to say whether there had been progress or if further talks were planned.

Both sides have played down what Indian newspapers report are differences over French conditions for supplying low-enriched uranium, including safeguards on reprocessing the fuel. The countries have not spelled out their differences publicly, but the newspapers say France has suggested that safeguards should continue after fuel shipments cease while India wants less stringent conditions.

Bonn Coalition Wins Vote on Budget

BONN — Chancellor Helmut Schmidt's left-liberal coalition, which has reportedly been threatened with collapse several times in recent weeks, defeated a conservative bid in the Bundestag Wednesday to force the government to scrap its 1983 budget.

But the cabinet agreed to order a special report on West Germany's flagging economy by next month to help it revise its budget calculations, which are widely regarded as excessively optimistic.

The display of unity Wednesday in West Germany's parliament followed several reported threats by the Free Democrats to split with Mr. Schmidt's Social Democrats if the budget is not revised. The Free Democrats want more cuts in social programs to help business, while the Social Democrats are calling for more state spending to ease unemployment.

Filipinos Protest Marcos's U.S. Visit

MANILA — An opposition alliance began a campaign Wednesday against President Ferdinand E. Marcos's U.S. visit scheduled for next week, and students chanted "Down with Marcos" in a demonstration outside the U.S. Embassy.

About 250 representatives of various political, student, religious and labor groups formally launched the Alliance of Citizens Toward Independence, Oneness and Nationalism and planned to hold demonstrations beginning next Tuesday, when Mr. Marcos is expected to leave for Washington.

The demonstration at the embassy defied a continuing government crackdown on suspected subversives. At least 81 persons have been charged with conspiracy since mid-August, when Mr. Marcos said he had uncovered a campaign of bombings, assassinations and strikes timed to coincide with his U.S. visit.

Intruder Seized at London Palace

LONDON — A man dashed through the main gate of Buckingham Palace carrying a knife and a starter's pistol Wednesday but was captured by the police before he could gain access to the royal residence, the British domestic news agency Press Association reported.

Queen Elizabeth II and other members of the royal family were at their Balmoral Castle retreat in Scotland at the time of the arrest, a Buckingham Palace spokesman said.

Scotland Yard confirmed that an unemployed London man, John Derek Lawrence, 25, was arrested and charged with "possession of an offensive weapon outside Buckingham Palace." But a spokesman declined to provide details of the arrest. On Aug. 9, an intruder breached palace security and reached Queen Elizabeth's bedroom before being captured.

British Union Chief Assails Thatcher

BRIGHTON, England — Len Murray, the leader of organized labor in Britain, sharply attacked Prime Minister Margaret Thatcher's handling of the economy Wednesday and called for prompt refutation to restore jobs.

Mr. Murray was addressing the annual conference of the Trades Union Congress, of which he is the general secretary. Member unions of the congress represent 11 million workers.

Mr. Murray approved a resolution condemning the government, urged a public investment drive of £2 billion (\$3.5 billion) and called for protective import controls to protect British industry. He also charged that more than four million people are unemployed, although the official unemployment figure is 3.3 million.

Mexico Loan Delayed, Banker Says

BASEL, Switzerland — A senior official of the Bank of International Settlements acknowledged Wednesday that the remainder of the \$1.85-billion emergency financing for Mexico has been delayed. But the official, who requested anonymity, denied published reports that payment of the final two-thirds of the money, totaling \$1.23 billion, had been suspended.

The first third of the loan was given to Mexico Aug. 30. According to a tentative timetable, the remaining two installments were to be drawn last week and at the end of September.

The loan is designed to enable Mexico to meet its most immediate obligations pending the availability of a larger longer-term credit from the International Monetary Fund.

Compiled From Agency Dispatches

U.S. Gives Envoy Habib Its Highest Civil Honor

By Bernard Gwertzman
New York Times Service

WASHINGTON — President Ronald Reagan has presented the nation's highest civilian honor to Philip C. Habib, his special Middle East envoy, for his "skillful diplomacy and tireless activity."

"His successful negotiation of the cease-fire in Lebanon and the resolution of the West Beirut crisis stands out as one of the unique feats of diplomacy in modern times," a beaming president said as he read the citation for the Presidential Medal of Freedom.

The 62-year-old diplomat came out of retirement to negotiate the withdrawal of the Palestine Liberation Organization and Syrian forces, thereby forestalling an Israeli invasion of the Lebanese capital.

Mr. Habib, after receiving the medal Tuesday, said the situation in Lebanon remained tense but that he was optimistic that everything was "on track" for peace in the area.

The son of Lebanese immigrants to the United States, Mr. Habib said that it was "extremely fitting

that considering that my mother and father both came from Lebanon that their son had something to do with bringing a bit of peace" to that land.

About 300 guests, including current and former high government officials, crowded into the East Room of the White House for the ceremony and reception honoring Mr. Habib. The special negotiator was also reunited with his wife for the first time in nearly four months.

Mr. Reagan did not speak directly about his initiative but said that what Mr. Habib had accomplished "was the vital first step which made it possible for launching a fresh start in the quest for peace, not only for Lebanon but for Israel and her other Arab neighbors as well."

Mr. Habib praised his deputy during the Beirut negotiations, Morris Draper, "who does all the work and I get all of the honor." Mr. Draper will be the senior U.S. official trying to help the Lebanese government bring about the withdrawal of foreign troops from the rest of Lebanon, State Department officials said Tuesday.

Schmidt Is Told To Cough Up 100 DM or Quit

United Press International

BONN — Chancellor Helmut Schmidt, struggling to hold his coalition government together, has broken his vow to stop smoking, and an opposition spokesman demanded Wednesday that the chancellor pay him 100 Deutsche marks or resign.

Mr. Schmidt, who was fitted with a heart pacemaker last October, made a New Year's resolution that he would quit smoking. He said he had only 8,000 of the 44,000 cigarettes he had originally bought.

The army's decision was made after a House-Senate conference on the fiscal 1983 defense authorization bill cut out further production funds for the shell and approved \$15 million to end the program. Instead of fighting, the army decided to accede.

The service is facing increased costs on many of its major new programs, and others face reduction or cancellation in the Pentagon's fiscal 1984 budget proposal. During the past two years, the Copperhead shells have not been able to achieve its promised accuracy of 80 percent.

The spokesman said that in the most recent tests, in July and Aug-

U.S. Army Giving Up On Laser-Guided Shell

By Walter Pincus
Washington Post Service

WASHINGTON — The U.S. Army, after spending \$630 million during six years of development and two years of initial production, has canceled the Copperhead laser-guided artillery shell.

By dropping the problem-plagued Copperhead after obligating almost half the \$1.3 billion it had been expected to cost, the army will get only 8,000 of the 44,000 shells it had originally bought.

The army's decision was made after a House-Senate conference on the fiscal 1983 defense authorization bill cut out further production funds for the shell and approved \$15 million to end the program. Instead of fighting, the army decided to accede.

The service is facing increased costs on many of its major new programs, and others face reduction or cancellation in the Pentagon's fiscal 1984 budget proposal. During the past two years, the Copperhead shells have not been able to achieve its promised accuracy of 80 percent.

The spokesman said that in the most recent tests, in July and Aug-

ust, the average was 67 percent, which, he added, was "still pretty good for hitting a target at artillery ranges." The army told Congress last year that the shell could routinely hit moving tanks at 10 miles (16 kilometers).

Designed to be fired by a 155mm howitzer, the shell has a guidance system that follows a laser path to its target. The laser operator, either directed by a forward observer on the ground, a helicopter operator or an unmanned aircraft, directs a beam at the target and holds it there so the Copperhead can home in.

Using that system, the service hoped to be able to destroy almost one tank per shot, thereby justifying the high cost per shell. But beginning almost four years ago, some members of Congress began raising questions about Copperhead as the army began running into reliability problems and the cost kept rising.

The problem, according to Pentagon officials, was that it is difficult to reproduce on an assembly line an artillery shell that has 12,000 moving parts.

Team of U.S. Weapons Specialists Reported Ready to Visit Lebanon

By George C. Wilson
Washington Post Service

WASHINGTON — A Pentagon team of weapons specialists is ready to go to Lebanon to assess that nation's military needs, according to Pentagon officials.

Lebanon's president-elect, Bashir Gemayel, told Defense Secretary Caspar W. Weinberger during the secretary's visit last week that Lebanon wanted to play a bigger role in stabilizing the Middle East but needed modern weapons from the United States to do so, officials familiar with the talks said Tuesday.

A first step will be the dispatch of the Pentagon team to Beirut to discuss with military leaders the needs of Lebanon's Army, Navy and Air Force.

The ability of the Lebanese to

produce some modern weapons, perhaps under license from the United States, is also expected to be assessed.

No 'Wish List'

Pentagon officials said neither Mr. Gemayel nor his deputies presented a "wish list" of weapons during Mr. Weinberger's visit last week, although both sides agreed that modernization of the Lebanese military was needed.

Mr. Weinberger's stated basic philosophy is that the United States needs as many friends in the Middle East as it can get. He has made a concerted effort in his 19 months in office to broaden relations with Arab nations, as evidenced by his visits early this year to Saudi Arabia, Oman and Jordan.

He has stressed in doing this that closer relations with those and other nations in the Middle East and Gulf region do not signal a turn away from Israel.

Joint Planning Possible

As he did with Saudi Arabia, Mr. Weinberger is expected to try to formalize joint military planning with Lebanon. The idea is to go beyond what weapons should be bought and how the purchases should be financed to a broad effort to coordinate U.S.-Lebanese military actions designed to defend interests in the Middle East.

Joint planning can go forward without congressional approval; weapons sales or grants are subject to congressional veto.

The Pentagon, to avoid stirring up congressional opposition, is likely to start by recommending such noncontroversial weapons for Lebanon as armored personnel carriers for the army, patrol boats for the navy and transport aircraft

Mr. Gemayel, despite his immediate problems with reorganizing his nation's military and patching up the country, was portrayed as eager in his meeting with Mr. Weinberger to go beyond that and become a major player in implementing a postwar master plan for the Middle East.

France Pledges Aid

France's government has pledged "important help" for the reconstruction of areas of Lebanon damaged during the Israeli invasion, United Press International reported from Paris.

Jacques Attali, a presidential adviser, said Wednesday after the weekly cabinet meeting that the French aid would be provided as part of a package planned by the European Community, plus a special French contribution.

Sindona Tells of Ambrosiano 'Laundering'

The Associated Press

NEW YORK — Michele Sindona, the Italian banker imprisoned after the collapse of a New York bank, says much of the \$1.4 billion missing from the collapse this summer of the Banco Ambrosiano of Rome was funneled secretly to rightist Latin American political leaders, according to ABC News.

In an interview broadcast Tuesday, Mr. Sindona, once considered one of Italy's richest men, told how Italian bankers had "laundered" the missing money.

According to the ABC report, Mr. Sindona and Roberto Calvi, president of Banco Ambrosiano, decided in the mid-1970s to expand the bank's activities into Latin America. Mr. Calvi was found



Sir Hugh Fraser

Scottish Isle of Iona Saved From Foreigners

Sir Hugh Fraser Rescues St. Columba's Ancient Missionary Base

By R.W. Apple Jr.
New York Times Service

IONA, Scotland — When Edinburgh was but a rock and Oxford but a swamp, someone once said, Iona was famous. It is famous still, and now it is protected against commercial exploitation for many years to come.

This tiny island, from which St. Columba began to spread the Christian faith through Britain, came into the hands of the dukes of Argyll in 1695. But three years ago, the 12th duke decided that he had no choice other than to sell it to pay the equivalent of \$1 million in estate taxes owed since the death in 1949 of his great-uncle, the 10th duke.

The proud Scots feared that the island might be sold to foreigners insensitive not only to its place in early Christian history, but also to its special standing as the burial

place of 48 Scottish and 14 other kings, including Duncan, who was murdered by Macbeth in 1040.

Although the National Trust for Scotland issued an appeal for funds to buy Iona, it was unable to meet the asking price. Then into the breach stepped one of Scotland's more redoubtable and controversial characters — Sir Hugh Fraser, the former owner of Harrods and other stores.

New Career

The 46-year-old businessman lost a fortune at London's gambling tables and control of the House of Fraser. His second wife is currently scandalizing Scotland with newspaper articles about their time together, and Sir Hugh is beginning a new career and talking of a third marriage.

So his purchase of the island was something of a surprise. It secured Iona's future and made it possible for the money previously raised to be turned over to the trustees of the restored 12th-century abbey, built of the reddish local stone and used in the summer by the Iona Community, a group of clergymen and laymen who share political views.

Next Tuesday, Sir Hugh is to unveil a marble tablet recording his gift on the path leading from the abbey to the ruins of an ancient nunnery.

Having survived an ownership crisis, the island now faces another. The stonework of the abbey is crumbling under the onslaught of harsh winters and salt air, just as the inside decoration on the great Celtic crosses nearby has been eaten away.

But engineers may have found a solution to that problem, too. They believe that the installation of cen-

ter and they have devised a novel way to get around the fact that neither coal nor electricity nor fuel oil can be brought to Iona except at prohibitive expense.

With the help of grants from the European Community and the government's Highlands and Islands Development Board, work is to begin later this year on a project involving heat pumps at an estimated cost of the equivalent of \$200,000. The pumps will suck heat from the seawater 300 yards (270 meters) from the abbey and pump it into central heating pipes and radiators.

Thousands of Visitors

It is no easy thing to reach Iona. It involves a ferry ride from the mainland to the spectacularly barren island of Mull, a 37-mile (60-kilometer) drive across that island on a single-lane road, and finally a short ride on a pedestrian ferry to Iona. Yet tens of thousands of people come every summer to admire the old buildings and to steep themselves in the spirit of St. Columba, the Irish monk who landed here in 563, founded the abbey and gave the Scots the secret of distilling whiskey.

On a sunny day, the water surrounding the island, which lies between northwest Scotland and northeast Ireland, has a blue-green intensity. The rocky landscape is covered in grass, heather and moss, and wild fuchsia bursts from walls and ruins. Black-faced sheep idle away the day, munching and dozing.

Even before the arrival of Columba, Iona had been adopted as a religious center by sun-worshipping Druids, perhaps because the island is often bathed in brilliant light on days when Mull, only a few hundred yards away, is robed in

The place had a great effect on Samuel Johnson, who came here in 1773 with Boswell. "That man is little to be envied, whose patriotism would not gain force upon the Plain of Marathon, or whose piety would not grow warmer among the ruins of Iona," Johnson wrote.

Okinawa Seeks To Block Changes In Japanese Books

The Associated Press

TOKYO — Representatives of the Okinawa prefectural assembly gave Japan's Education Ministry a note Wednesday demanding that references to the "massacre" of Okinawan civilians by the Japanese in World War II be restored to high school textbooks.

The assembly passed a resolution Saturday calling for the restoration of a passage that said the Japanese Army, during the battle of Okinawa against U.S. forces in 1945, killed 800 civilians because they were an obstacle to military operations.

Okinawa, Japan's southernmost prefecture, or state, is the first to question the Education Ministry's revisions of high school textbooks. China, Korea and other Asian nations have protested the revisions.

The assembly's note said textbooks should "stand on the principles of the constitution and the basic education law founded on the ideas of respect for humanity, peace and democracy," ministry officials said.

They said it added that "the massacre of civilians is an undeniable fact, and the deletion of his-

Shultz Brings Easy Style to State Department — No Confrontations

By Leslie H. Gelb

New York Times Service

WASHINGTON — For as long as anyone can remember, the secretary of state's conference room has contained a long mahogany table in two sections, embraced by two rows of chairs, with more chairs placed arm-to-arm along the wall. Sometimes after George P. Shultz's arrival, the furniture was rearranged.

Now the conference table is shorter and it is surrounded by only 10 chairs, with a few easy chairs on the periphery.

The rearrangement was a signal from the new secretary that things would be more informal. It was the mark of a man who plays a great

deal of attention to dealing with people.

The approach seems to be, as aides quote it: "Let's get comfortable, talk things over, get everyone's ideas, see what the facts show, see if there isn't some common-sense approach to this problem that we can all feel comfortable with."

No Confrontation

There is no confrontation, none of the "our team vs. the White House" that characterized the era of Alexander M. Haig Jr.

On several occasions, State Department officers report, Mr. Shultz has gone off to the White House without disclosing exactly what position he was going to take.

He apparently will do whatever he can to avoid news stories about winning or losing against Defense Secretary Caspar W. Weinberger or William P. Clark, the national security adviser.

By all accounts, the technique works. His tenure has been remarkably free of criticism, perhaps in part because this is his "honeymoon period." And Mr. Shultz has already become the leading administration figure on several central foreign policy issues — "under the president," as he always hastens to add.

He is credited with being the major force behind Mr. Reagan's new Middle East peace plan. But, according to aides, Mr. Shultz never sent the president an options pa-

per, which would have been the bureaucratic way. He is said to prefer face-to-face discussion with the White House.

As his aides tell the story, Mr. Shultz talked with Mr. Reagan five or six times, but always with key White House officials present. Having worked in the White House himself under Richard M. Nixon, the secretary seems fully aware of how jumpy the entourage gets when a cabinet officer asks for a private audience. He has yet to ask to see the president alone, his aides report.

The secretary's handling of the crisis with European allies over the building of the Soviet natural gas pipeline was a variation on the theme.

When some European companies shipped equipment for the pipeline in defiance of his ban, Mr. Reagan banned U.S. exports to those companies. The Europeans would not back down; neither would the president. A stalemate of crisis proportions ensued.

Aides said Mr. Shultz made no effort to put himself in charge of deliberations during the stalemate, but that responsibility gradually gravitated toward him. At the outset, the aides reported, he said that he was as opposed to sanctions and confrontation as was his predecessor. But he kept repeating: "It's the president's policy. Let's not fight it."

His task, officials said, was to manage the crisis, to keep things in

control and to look for alternatives that might accomplish the president's aim, namely bringing pressure to bear on Moscow to lift martial law in Poland.

Officials said he began by laying out clearly the difficulties in the situation. In a subsequent meeting, he "put out a few ideas." Later, when he and others felt comfortable, he said: "Here's an approach I'll pursue in the White House," and "These are some points I'll make."

The secretary is a man who keeps his counsel, by and large. He works mainly with and through those immediately around him on the seventh floor, the deputy secretary, the three undersecretaries and a few others.

He is an organization man who believes in hierarchy and order, but goes out of his way, aides said, to provide the personal touch.

Mr. Shultz has been around Washington long enough to know the inevitability of criticism. He likes to tell the story of Bryce N. Harlow, a small man who served a number of presidents.

One day, the story goes, Mr. Harlow got up on his tiptoes to address an audience. He asked the late Rogers C.B. Morton, a very tall man who was then Mr. Nixon's secretary of the interior, to stand up, too.

"When I came to Washington 20 years ago," Mr. Shultz quotes Mr. Harlow as saying, "I was as tall as Rogers Morton."

Wallace Faces Runoff In Bid for Governor

United Press International

CHICAGO — George Wallace finished first Tuesday in the Democratic primary in his bid for a fourth term as governor of Alabama but was forced into a Sept. 28 runoff with Lieutenant Governor George McMillan.

Mr. Wallace ran surprisingly well in some predominantly black counties in the voting. Mr. McMillan had the endorsement of the state's major black political group, the Alabama Democratic Conference, but Mr. Wallace forged a coalition of rural and black voters and performed well in counties he had lost in earlier races for governor.

Mr. Wallace, now 63, was governor from 1963 to 1966 and from 1971 to 1979. Two decades ago, he blocked the schoolhouse door to integration with a cry of "segregation forever," but this year he campaigned among black voters.

He won two predominantly black counties outright and led in two others. He won in Macon

County, which has the highest percentage of blacks in the state, 84 percent, and he swamped Mr. McMillan and House Speaker Joe McCrquodale in Lowndes County, about 75 percent black.

John Meadows, the black assistant police chief in predominantly black Tuskegee in Macon County, watched returns at Mr. Wallace's campaign headquarters and said blacks could not hold a grudge against Mr. Wallace for his acts of the 1960s because "segregation was the law then. It made no difference who the governor was."

Mr. McMillan led in Birmingham, the state's biggest city, to edge out Mr. McCrquodale for the runoff.

With 75 percent of Alabama's precincts counted, Mr. Wallace had 30.3 percent, Mr. McMillan had 25.7 percent.

Mr. Wallace, who is confined to a wheelchair and is partially deaf as a result of an assassination attempt in 1972, said he would seek voter support by talking about "jobs, the elderly and education" in the three weeks before the runoff.

The winner of the Democratic runoff will be the heavy favorite in November. Emory Folmar, Montgomery's mayor, was unopposed in the Republican primary.

Other Results

Three other states held primaries Tuesday, but the big names received little challenge.

In Connecticut, Senator Lowell P. Weicker Jr., a Republican, and his Democratic challenger, Representative Toby Moffett, had no primary opposition. In the race for governor, William O'Neill, the Democratic incumbent, and Lewis Rome, the Republican challenger, also were unopposed.

In Florida, Governor Bob Graham, a Democrat, and his Republican rival, Representative L.A. (Skip) Baffa, easily defeated to-ken challengers. Lawton M. Chiles Jr., the incumbent, was unopposed for the Democratic nomination for U.S. Senate; Dan Poole, a state senator, and David Bludworth, a county attorney, will have a runoff Oct. 5 for the Republican nomination.

In Arizona, Governor Bruce Babbitt won renomination over a Democratic opponent whose name remained on the ballot despite his death last month. Leo Corbett easily defeated Evan Mecham, an automobile dealer, in the Republican race. In the Republican Senate primary, state Representative Peter Dunn claimed victory over Dean Sellers, a real estate broker, and will face the Democratic incumbent, Dennis DeConcini.



George C. Wallace salutes supporters in Montgomery, Alabama, after winning a spot in a Sept. 28 runoff election for the Democratic nomination for governor. He is seeking a fourth term.

Long Cultivation of Voters Brings Alabama Blacks a Political Harvest

By Art Harris

Washington Post Service

CAMDEN, Ala. — Bonnie Moton, baby in lap, wheeled her 72 Buick across rural Wilcox County, picking up black voters as they flagged her down, keeping alive a revolution started 17 years ago by the Voting Rights Act.

Legislation has not been enough to deliver the vote to blacks, who make up 70 percent of Wilcox County. It has taken countless voter registration drives, students who take days off from high school to read ballots to illiterate voters, volunteer taxi drivers like Mrs. Moton, and the Justice Department.

Not one black voter was on the books here when the act was passed in 1965. Now the sheriff is black, along with two of four county commissioners, two of five school board members and the tax collector. And with most of the votes counted from the election here Tuesday, it appeared that blacks would win a majority on the school board and at least one additional seat on the county commission.

Willie Nickerson, 75, a disabled logger, climbed painfully out of Mrs. Moton's car Tuesday at the National Guard Armory, the town's largest polling place. Approaching a table jammed with poll workers, he nodded for a ballot and indicated that he would

need someone to help him fill it out.

"Can't write, can't read," he said.

"You got someone to help you, Willie?" asked Mack Powe, a white poll worker who makes \$42,000 a year as supervisor of a pulpwood processing plant. Mr. Nickerson nodded. At his elbow was a black high-school student with the day off to help voters who couldn't read.

The student leaned over the ballot, reading out the choices under the watchful eyes of one of 461 federal observers dispatched by the Justice Department to monitor the primary elections in nine counties in Alabama. The number of observers, all deputized employees of the Office of Personnel Manage-

ment from as far away as California, is the largest ever assigned to the state.

"The more they send the better," said a retired white banker who declined to give his name. "We need protection now. We're the minority."

Several white officials said they begged the Justice Department to come down in the wake of charges of misuse of absentee ballots by blacks. "Some blacks who will be elected this time don't have enough sense to pour water out of a boot," said Hollis Curl, 46, publisher of the weekly newspaper.

Mr. Curl's son, Mark, 21, holds the office of coroner now. He has never been to medical school, blacks point out. But he faithfully photographs the bodies he tends. Many shots wind up on the front page of his father's newspaper.

(His black opponent, Roman Pettway, a prosperous cattle rancher and cucumber farmer, was leading by about 100 votes Wednesday with 500 absentee ballots left to count.)

From his command post 40 miles (64 kilometers) away in Selma, Jerry Jones, chief of the voting section of the Justice Department's Civil Rights Division, arbitrated disputes. Observers jotted irregularities in government notebooks. By mid-afternoon "things seem to be going fine," he said. "Our presence may be having a salutary effect."

In Wilcox County, candidates like Felix Albritton, 61, the white probate judge, were trying to hang onto their seats against the odds of demographics. His opponent was Larry Threadgill, son of a popular black minister, who had dispatched box lunches of pork chops and cornbread for his volunteers at the polls.

"I figure if I help get him elected, he'll help get me a job," said one volunteer, Victor Barber, a 17-year-old senior at Wilcox County High School.

"I'm working to keep people from going back to slavery times," said Diane Nelson, 16. "Plus, Larry said he'd try to pay us \$15."

Massachusetts's old, dense cities have always been susceptible to conflagrations. A third of Boston burned in 1643, and major fires have occurred regularly since. But this has been a particularly difficult time for the Boston Fire Department, which has eliminated 389 firefighters — 19 percent of the force — during the city's two-year fiscal crisis.

"The Fire Department is not able to respond to every fire now, and the arsonists know it," Mr. McLaughlin said. "They set one fire, and they know they can set another while the apparatus is responding to the first one."

The arson squad is equally overtaxed. "Years ago, the squad would get one call a night. They could stay there all night," Mr. Nee said. "Now we're getting six or eight a night."

Reward Offered

The department's critics have said the squad should be enlarged, its records computerized and county prosecutors assigned to help put arsonists in jail. Instead, Mayor Kevin White has announced a \$5,000 reward for anyone who supplies information that helps convict an arsonist. There have been no takers so far.

"The city is failing miserably to respond to the public safety threat posed by arson," said City Councilman Raymond Flynn, who is often mentioned as a potential chal-

Transfer of U.S. Funds Averts Layoffs in IRS

By Martin Tolchin

New York Times Service

WASHINGTON — Two Senate Republican committee chairmen reluctantly approved Tuesday a transfer of funds within the Treasury Department, averting the threatened furlough of 19,000 employees of the Internal Revenue Service.

Two House Democratic chairmen approved the transfer earlier in the day in a move that put pressure on the Republicans to reverse their opposition and approve it. Telephone calls by Treasury Secretary Donald T. Regan also were credited with helping to change the minds of the chairmen.

"There will not be any furloughs," a Treasury spokesman said. "The IRS is going to send mailgrams to its employees, and we also hope that they get the information from the media."

Final approval came at 5:45 Tuesday afternoon in a call to Mr. Regan from Sen. James B. Abdnor, Republican of South Dakota, chairman of the Treasury subcommittee of the Appropriations Committee.

The approval of the four chairmen was necessitated by President Ronald Reagan's veto of a supplemental appropriations bill for \$14.1 billion that included \$6 billion for raises for U.S. employees.

Without those funds, government agencies could not meet their payrolls and were required by law to furlough employees unless they could divert funds from other sources.

Although some agencies, such as the Department of Defense, were able to transfer funds to their payroll without the approval of the congressional chairmen, a legal technicality prevented the IRS from doing so.

Sen. Mark O. Hatfield, Republican of Oregon, chairman of the appropriations committee, said that although he had agreed to approve the transfer of IRS funds, "I do so without great enthusiasm."

"I think it's very interesting that the administration found ways to pay the military but not civilian people," he added.

Treasury Department officials had said that a furlough would occur if the approval was not in hand

by 4 P.M., but Sen. Hatfield said that Mr. Regan indicated that there was some flexibility in the deadline. The verbal approval did not occur until after 5 P.M., and this was to be followed by a letter of approval by Sen. Abdnor.

Inside, on the sixth and seventh floors of the building, the mood ranged from the relative calm of those who had been furloughed before to the anger of the first-timers.

One feeling was that because the IRS does not enjoy popularity the furloughs would evoke less of a public outcry than might otherwise be the case.

Last week, the president blamed the Democrats in Congress for threatening the jobs of U.S. employees by adopting a spending bill that he could not sign. By agreeing to the transfer of IRS funds, the House Democrats placed the onus on the Senate Republicans, who quickly capitulated.

Although the furlough of government workers is routinely threatened during appropriations disputes between the White House and Congress it rarely happens.

Belgian Dumping Troubles Spanish

The Associated Press

BRUSSELS — Spain has again expressed concern to Belgium about the dumping of nuclear waste in the Atlantic Ocean off the Spanish coast, a Belgian government spokesman said Wednesday.

The spokesman said that the Spanish ambassador, Nuño Aguirre de Carcer, raised the issue in a farewell meeting Monday with Foreign Minister Leo Tindemans. Mr. Aguirre has been named ambassador in Washington. He had also discussed the issue with Mr. Tindemans Friday as two Dutch ships loaded with nuclear waste from Belgium and Switzerland prepared to leave for the dumping site.

The Belgian spokesman said Mr. Aguirre stressed that Spanish fishing vessels operate in the dumping area, about 400 miles off the coast. Spain plans to discuss the issue of ocean dumping at an international conference, the spokesman said.

Documents Show U.S. Agents Spied On Homosexuals

Reuters

WASHINGTON — The U.S. government routinely spied on organizations promoting homosexual rights and compiled voluminous lists of homosexuals in the 1950s, 1960s and early 1970s, according to FBI and Pentagon documents.

An FBI spokesman, Lane Bonner, would not comment directly on the documents but said the bureau automatically reported federal employees who had been discovered to be homosexual on the ground that they might pose a security risk. He said that surveillance of the sort described in the documents was ended in the mid-1970s under rules that require evidence of a crime before an investigation is started.

Congressmen familiar with the documents sharply criticized the FBI.

"The nature of this conduct revives the frightening specter of the McCarthy witch-hunt era of the 1950s," said Representative Philip Burton, Democrat of California, in a letter asking for an investigation by Congress.

Spadolini Will Visit Lisbon

The Associated Press

ROME — Prime Minister Giovanni Spadolini will travel Friday to Lisbon for a three-day visit to discuss Portugal's entry into the European Economic Community and other issues.

Boston Arson Squad Has a Long, Hot Summer

By Doyle McManus

Los Angeles Times Service

BOSTON — Peter Nee and Stephen McLaughlin grew up together, joined the arson squad together, worked in a hook-and-ladder company together and now have worked for two years as partners on the Boston Fire Department's arson squad. Neither of them has ever been through anything quite like the past three months.

"The nights have been crazy," said Mr. Nee, 49, an inspector, his eyes red-rimmed after weeks of post-midnight overtime. "It goes from a three-decker [apartment building] to a church to a factory. I wish to hell there were a pattern to it. If we could find a pattern, we'd be heroes."

All summer long, arsonists have been setting fire to large parts of Boston, one fire at a time, and officials freely admit that the epidemic has them baffled.

From June through the end of August, a record 165 blazes "of suspicious origin" were investigated, and more than 30 of "undetermined origin."

That is an average of more than two mysterious fires a night, but there has been no pattern to the blazes. Some nights are quiet; some have had a dozen deliberate fires; and once, the night of June 11, 101 separate alarms went off in 12 hours, not all of them suspicious. Only eight arrests have been made, and they have not stopped the fires.

"We're kind of stymied," Paul McCarthy, chief of the department's 16-man arson squad, admitted. "Summertime is usually a slack time for us. We can't figure out why it's happening at this time, this year."

"We never seem to catch up with them," said Mr. McLaughlin, 47, a lieutenant on the squad and Mr. Nee's partner. "We go one place, they start a fire somewhere else, it's almost as if they know where we were."

No one has been killed in any of the fires, most of which have been

set in abandoned buildings in the black and Hispanic slum neighborhoods of Roxbury and Dorchester. But there have been dozens of injuries, mostly to firefighters.

Many Causes

The cases have a bewildering number of apparent causes. In one six-block area, it was young vandals. In another case, the arson squad is keeping an eye on the owner of several dilapidated apartment buildings who has had six fires this summer — fires the investigators suspect were deliberately set so the landlord could make insurance claims.

In another case, one of the few in which a suspect has been arrested, a neighborhood bar was fire-bombed only a few hours after the owner ejected a young man for excessive drunkenness.

Arson has long been a fashionable way to settle scores in Boston's underworld and a favored land-clearing method of unscrupulous slumlords. But this summer's flare-up, city officials say, has in-

cluded a heavy dose of recreational torching that appears to have inspired dozens of copycats.

It could not have come at a worse time for Boston. For more than a year, the city of proud universities and deteriorating neighborhoods has suffered a series of ugly attacks by both white and black gangs on pedestrians and subway riders.

The crime rate is up, and thieves in some areas have invented a new category of larceny: stealing the front doors from houses while the owners sleep and reselling them.

Massachusetts's old, dense cities have always been susceptible to conflagrations. A third of Boston burned in 1643, and major fires have occurred regularly since. But this has been a particularly difficult time for the Boston Fire Department, which has eliminated 389 firefighters — 19 percent of the force — during the city's two-year fiscal crisis.

"The Fire Department is not able to respond to every fire now, and the arsonists know it," Mr. McLaughlin said. "They set one fire, and they know they can set another while the apparatus is responding to the first one."

The arson squad is equally overtaxed. "Years ago, the squad would get one call a night. They could stay there all night," Mr. Nee said. "Now we're getting six or eight a night."

Reward Offered

The department's critics have said the squad should be enlarged, its records computerized and county prosecutors assigned to help put arsonists in jail. Instead, Mayor Kevin White has announced a \$5,000 reward for anyone who supplies information that helps convict an arsonist. There have been no takers so far.

"The city is failing miserably to respond to the public safety threat posed by arson," said City Councilman Raymond Flynn, who is often mentioned as a potential chal-

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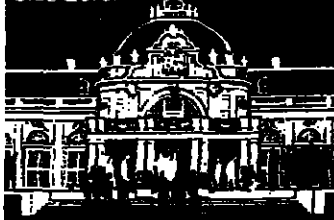
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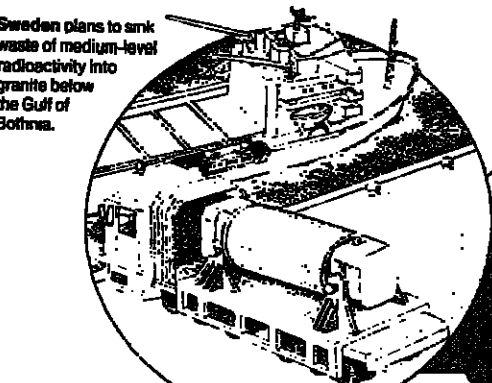
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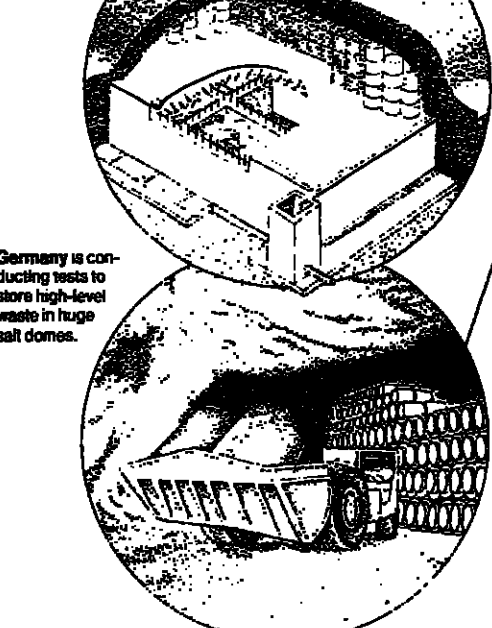
SCIENCE

Europe Leads U.S. In Disposal Plans For Nuclear Waste

Long-Range Plans for Radioactive Waste		
Country	Number of reactors	Proposed storage
France	29	Under Alps
West Germany	12	In salt domes
Belgium	3	In frozen clay
Sweden	9	In granite at sea
Britain	32	Underground granite
United States	73	No current plan



Sweden plans to sink waste of medium-level radioactivity into the Gulf of Bothnia.



France stores low-level waste in drums at a 30-acre site at La Manche.

Germany is conducting tests to store high-level waste in huge salt domes.

By Walter Sullivan
New York Times Service

SWEDEN is planning to dismantle, piece by piece, all 12 of its nuclear power plants by 2010 and is taking steps to bury the radioactive waste from them deep in granite at sea.

France on the other hand, expects to have 55 nuclear power plants generating 55 percent of its electricity within three years. It too has enormous waste disposal problems and is looking into the possibility of storing the radioactive waste under the Alps.

These two approaches are among a wide range of West European strategies for dealing with the radioactive waste produced in generating nuclear power.

The future of nuclear power depends on safe disposal at a reasonable cost. Thus the West European experience — diverse, innovative and laden with political, physical and practical problems — will be instructive to other nations.

The United States for example, has 73 operating nuclear power plants generating 13 percent of its energy, but the Energy Department and Congress have been unable to agree on a plan for developing long-range storage sites. Some reactors may have to be shut

down as soon as 1986, and a full-scale storage crisis is expected by 1990 unless proper disposal sites are created by then.

Of principal interest among the European operations is an international project in Sweden. Techniques are being tested there for encasing high-level wastes in the granite walls of an abandoned mine more than 1,000 feet underground, 100 miles from Stockholm.

Now the third most electrified country in the world, Sweden will soon depend on nuclear plants for half its power. But the Swedish people, concerned about the dangers of radiation and difficulties of waste disposal, voted in a referendum in 1980 to close down all the country's nuclear reactors within 30 years and to consider alternative sources of power. The government's overall program, therefore, is designed to dispose of all wastes, including radioactive structural material from the plants themselves.

As in other countries, the waste is assigned to one of three radioactive categories: low, medium, or high level. In the first are slightly contaminated materials, such as empty containers, gloves and shoes. Medium-level wastes consist of material radioactive enough to require special handling but not sufficient to generate high temperatures. High-level wastes generate too much heat for early burial. They have to be artificially cooled, possibly for decades, before they can be permanently stored.

Reactor rods, removed after their fuel has been depleted, are treated as medium-level waste unless their more radioactive constituents are extracted and concentrated by a reprocessing plant. To handle the thousands of tons of spent fuel being generated in Sweden, an elaborate center is being built alongside the Oskarshamn nuclear power station on the Baltic coast. In a cavern carved out of bedrock underneath it, four large "swimming pools" are being constructed to hold the spent rods.

Interior Storage

According to Erik Svenke, president of the Swedish Nuclear Fuel Supply Co., which handles disposal as well as production of fuel, the center should begin operation early in 1985. It is designed ultimately to hold 9,000 tons of spent fuel and reactor components.

For final storage of medium-level waste, Sweden plans a site excavated out of granite or similar rock a mile off shore under the Gulf of Bothnia. The site will be linked by a tunnel to the nearby Forsmark nuclear power station. Above it will be a 165-foot layer of rock topped by 20 feet of water.

High-level waste, according to the plan, will be disposed of in granite or comparably homogeneous rock at one or more sites.

The problems of disposal of the granite are being studied at the Stripa mine in Sweden, where mining began in 1948 and ended in 1976. Participants are Finland, Japan, Sweden, Switzerland and the United States, with Canada and France as associates.

Some of the questions they need to answer are: What are the effects of heat generated by high-level waste? Does water percolate through the rock? Does it pick up substances that, under such conditions, will corrode the canisters and dissolve the glassy, waste-laden material inside?

Heat Conductivity

Electric heaters are testing such effects as well as heat conductivity of the rock. The tests at Stripa are also exploring ways to enclose deposited canisters so that no material can enter or escape. A favorite substance is bentonite, a clay of volcanic origin that would provide a tight seal because it swells when mixed with water.

In Britain, tests are being conducted in a number of bore holes in granite. Exploratory drilling has been conducted in northern Scotland; the heat response of Cornish

granite 165 feet underground has been subjected to tests for more than three years. Britain operates a major reprocessing center at Windscale.

France has developed a vitrification process, in which high-level wastes are incorporated into borosilicate glass at Marcoule, but it is still not clear where France will be able to dispose of the wastes permanently.

In 1978, after five years of pilot plant operation, France's large AVM (Atelier de Vitrification Marcoule) plant started up, and by last year it has turned 13,400 cubic feet of concentrated high-level wastes into solid glass.

Roughly 40 gallons of a molten glass and waste mixture are poured into a three-foot stainless steel canister. The canisters are stored temporarily in wells, ventilated for cooling, beneath the Marcoule plant. Each of the 220 wells has a capacity of 10 canisters, to provide storage for a decade's output of 10 nuclear plants, each generating 1000 megawatts, according to Jean-Marie Lavie, director of the French disposal program. Several decades of storage will be needed before the canisters are cool enough for burial.

In search of a permanent disposal site, holes have already been bored, one of them more than 3,000 feet deep, into granite of the Massif Central at Aumont.

Political Problem

West Germany's original intent was to establish a single center for processing spent fuel and disposing of nuclear waste. Attention focused on salt domes in northern Germany and, in 1977, on Gorleben, close to the East German border. Local authorities requested a review of the project by international specialists, who in 1979 found that, while it appeared safe, the political feasibility of a large reprocessing plant was doubtful.

The Germans have since decided to make Gorleben their disposal site, but for fuel reprocessing, smaller plants are envisioned at other locations. At Gorleben, drilling of shafts for the disposal mine began in February.

Nevertheless, various concerns have been expressed about the Gorleben deposit. Like other salt domes, it is a body of salt that has risen from a deeper deposit because of its buoyancy relative to other rock. Current boring may indicate whether or not it is still rising and eventually might bring a deep deposit to the surface.

The salt has apparently been free from water action for millions of years, but some fear that the Elbe River might change its course and penetrate the area. The advantages of salt, however, are that it is self-sealing and unlike rock, will not open permanent cracks under the stress of an earthquake or other geologic change.

The Netherlands is also interested in salt deposition, primarily in

offshore salt domes, far from communities that might protest.

Probably the most innovative approach is that of Belgium, which has no suitable salt or granite deposits. It is seeking to carve a repository out of the extremely homogeneous and impermeable clay deposited on what was a sea floor 35 million years ago.

About 525 feet under the Belgian nuclear research center at Mol, this clay forms a layer 360 feet thick. Disposal directly below the center would be ideal. A shaft has been sunk 720 feet, penetrating this layer, and a horizontal tunnel is being excavated for tests of the clay's suitability for storing medium and low-level waste.

Drawback of Clay

The chief drawback of such a clay deposit, however, may prove to be its low level of heat conductivity. Conceivably, heat would build up to unacceptable levels unless the high-level waste was stored above ground until relatively cool. Granite is a far better conductor.

Another difficulty of building in a deep, high-pressure clay deposit that continually seeks to close any cavity.

Italy also has extensive clay deposits. It is able to study the long-term effects of heat on such material because some deposits, such as those near Pisa, were penetrated by volcanic material as much as 41 million years ago.

While there appears to be general agreement among Europeans that low and medium-level wastes will have to be disposed of on their own territories, some specialists are still concerned about public acceptance of high-level wastes, even in the deepest deposit of granite, salt, volcanic rock or clay. They would be happier if it was carried far away — to a midocean island or a seabed depository.

\$20 a Minute to Deal With Sickness at Sea

By Kevin Noblet
The Associated Press

NEW ORLEANS — Despite a \$20-a-minute price tag, a new high-technology approach to treating illness and injury on the high seas is catching on.

Medical Advisory Systems Inc. offers around-the-clock medical aid to ships by radio. It is an ambitious undertaking considering death's advantage on ocean-going vessels — only seven in 100 heart attack victims survive at sea, according to a company statement based on U.S. Coast Guard statistics.

Ronald Pickett, chief executive of the company, places part of the blame on an ill-equipped, cumbersome government system that does too little too late for crewmen often a thousand miles from the nearest doctor.

"The ships need us," Mr. Pickett said of his company's program.

His opinion was echoed by the first major steamship line to sign a contract, Lykes Bros. Steamship Co. of New Orleans.

Lykes signed in late May, joining Amoco and other oil tanker companies. The company started in January.

It didn't take long to pay off, said Christfield Unger, medical director of Lykes. He said a crewman recently developed severe stomach pains on a ship a day out of Miami. A quick call to the medical firm's headquarters in Owings, Maryland, and a doctor was able to assess and treat the problem over the radio.

"The man got well and the ship did not have to turn around," Mr. Unger said.

A return to port probably would have been necessary before the new company was formed, when Lykes relied on the U.S. Coast Guard, he said. The company also has flat rates, but under the Lykes contract the cost was \$20 a minute for the doctor's time. Diverting the ship to a port easily could have run Lykes \$50,000 or more, Mr. Unger said.

Mr. Pickett said the company began with a three-year Coast Guard study completed in 1981. The study proposed a high-technology, computerized medical aid center run by the government.


A federal administration "trying to trim the budget wasn't about to embrace such a project," so the company's president, Robert Parrow, then chief of the Coast Guard's maritime division, which conducted the study, left to start his business.

Air Controllers Hired

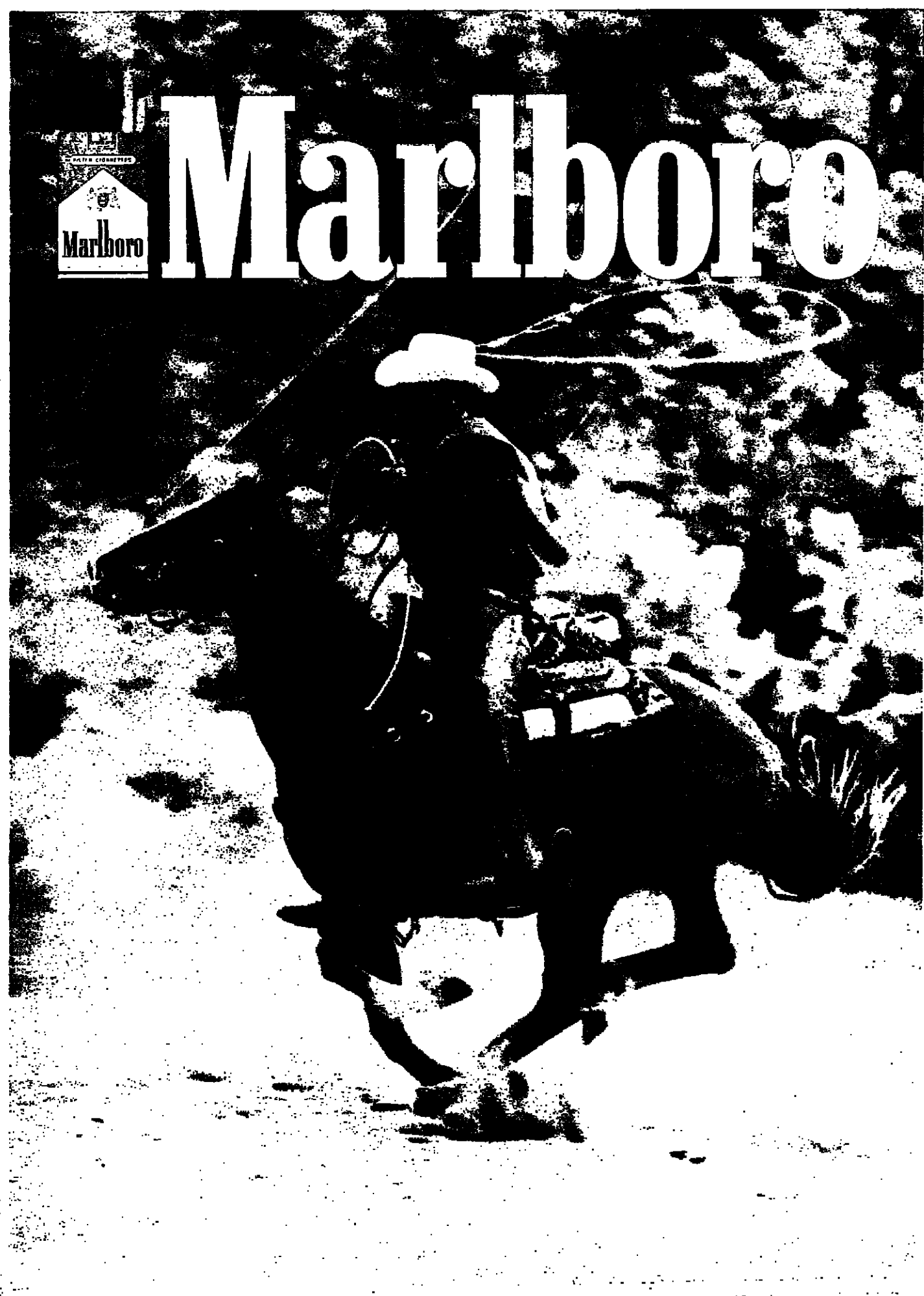
In hiring workers, the company took advantage of the demise of the Professional Air Traffic Controllers Organization strike. It retained a half-dozen controllers on marine radio and gave them jobs. "They handle the radios quite well. With their background, they can juggle several emergencies at one time," Mr. Pickett said.


A staff of doctors and doctors' assistants — one each during any eight-hour shift — was employed. The doctors "have to be taught to let someone else be their eyes and their hands, to probe and poke and observe for them over the radio," Mr. Pickett said. "They found it was very difficult."

He said the computer contains lists of hospitals, burn and toxic centers and helicopter services along every coast.



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Senator James McClure, Chairman of the U.S. Senate Energy Committee and one of the main formulators of U.S. energy policy, will open the second day of the conference, and U.S. Secretary of the Treasury Donald R. Regan will answer questions via live telephone hook-up following a special video address to the conference from Washington, D.C.

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ENERGY IN AN UNCERTAIN ECONOMY

SEPTEMBER 20

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Sheikh Ali Khalifa al-Sabah, Minister of Oil, Kuwait.

THE SUPPLY AND DEMAND OUTLOOK FOR OIL
Theodore Eck, Chief Economist, Standard Oil Company (Indiana).
Helen Hughes, Director of Economic Analysis and Projections, The World Bank.
Ian Seymour, Executive Editor, Middle East Economic Survey.
Moderator: Herman Franssen, Chief Economist, International Energy Agency.

WHERE OIL AND GAS WILL BE FOUND IN THE '80's
Hans Gruners, Senior Exploration Consultant, Petroconsultants.

NEW POWER RELATIONS IN THE GULF
James Akins, former U.S. Ambassador to Saudi Arabia.

THE IMPACT OF DOWNSTREAM ARAB INVESTMENT
Donald O'Hara, former Pres., Nat. Petroleum Refiners' Ass.
Abdullah Tayeh, Governor, Petramin.

SPECIAL ADDRESS
Donald Regan, U.S. Secretary of the Treasury, via satellite.

SEPTEMBER 21

U.S. ENERGY POLICY
James McClure, Chairman, U.S. Senate Energy Committee.

PROBLEMS OF ENERGY FINANCING
THE INVESTMENT OUTLOOK FOR NORTH SEA ENERGY
Hannah Gray, M.P., U.K. Minister of State for Energy.

MOBILIZING INTERNATIONAL FUNDS FOR ENERGY PROJECTS
Ian Logie, President and Chief Executive, Int. Energy Bank.

INVESTMENT DECISIONS IN AN ERA OF DECLINING OIL PRICES
Harold Hammer, Executive Vice President, Gulf Oil Corp.

THE EVOLUTION AND IMPACT OF INTERNATIONAL OIL TAXATION
Robert Weaver, Vice President, Global Petroleum Division, Chase Manhattan Bank.

THE LONG TERM GAS OUTLOOK
John Lichtblau, Exec. Dir., Petroleum Industry Research Foundation.
John Maeder, Manager Corporate Planning, Nederlandse Gasunie.

HOW TO MAKE MONEY IN A SOFT ENERGY MARKET
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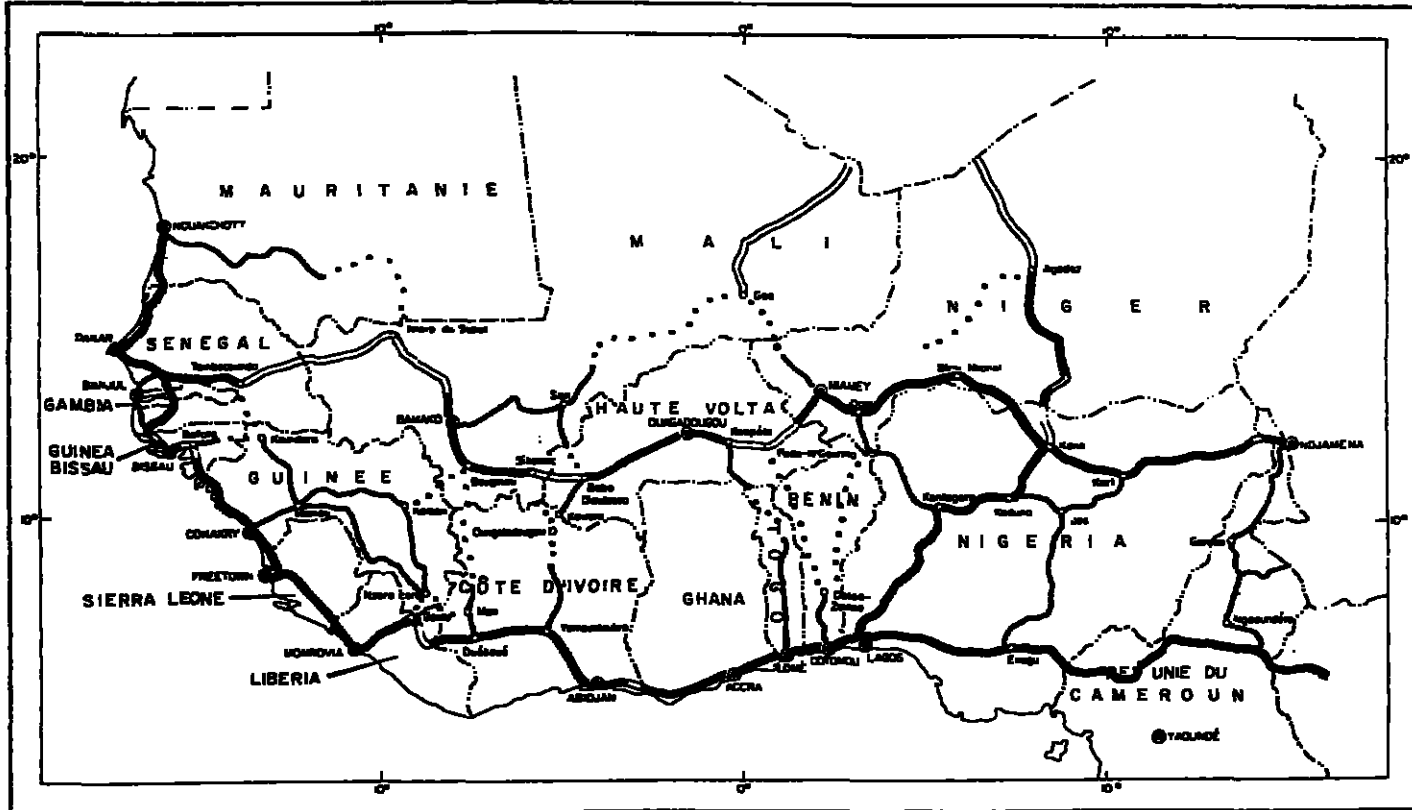
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ECOWAS in Cotonou, May 1982

TRANS-WEST AFRICAN HIGHWAY NETWORK



TWO EXAMPLES OF RECENTLY DEVELOPED ECOWAS POLICIES

a) The ECOWAS Agricultural Development Strategy

In the sixteen member states of ECOWAS (population c. 140 million) around 60 per cent of the population still live and work in the rural areas and depend mainly on agriculture for employment and income. Agriculture, however, is estimated to contribute about 27 per cent of Gross Domestic Product, overall for the Community, and during the last decade, the development of the agricultural sector has failed to keep pace with the general process of economic growth and increases in population, though food production, and agricultural production as a whole have increased at about 2 per cent per annum, the Community has become a net importer of food. There are declining self-sufficiency ratios for all food items, with significant shortfalls in wheat and rice, sugar, beef and milk. Net imports of these commodities are largely balanced by net exports of fruit, vegetable oil, cocoa and coffee.

To meet increased demand resulting from population growth and rising per capita incomes, the Food and Agriculture Organization (FAO) has estimated that aggregate agricultural production should grow at an annual rate of 3.3 per cent, up to the year 2000 maintaining the present level of agricultural self-sufficiency. This target implies a considerable intensification of agriculture over the present levels, including the development of irrigation, selective mechanization, the more effective use of fertilizers and pest controls, and the use of improved seeds. Substantial increases are needed in cropped area, crop yields, livestock numbers and livestock production performance. The FAO estimates the necessary investment for the whole Community as being \$1,867 million (constant 1975 prices) in 1980, rising to \$3,426 million in 2000, to cover land improvement and equipment, livestock, storage and marketing, transport and processing.

The ECOWAS Council of Ministers in November, 1981 directed that a coherent and comprehensive sub-regional agricultural development strategy should be formulated, which was duly prepared and considered by a meeting of ECOWAS agriculture ministers meeting in Cotonou in May, 1982, shortly before the summit, which gave its seal of approval to the same strategy. The belief of ECOWAS is that "the adoption and pursuit of an overall approach will enhance and support the agricultural development programs of member states. The gradual harmonisation of policies and the establishment of collaborative projects of mutual interest hold the potential for very sub-

stantial improvement of the most suitable animals for different zones and conditions," as well as on the dangers of over-grazing, the question of nomads, animal health campaigns, and intensive livestock keeping (of growing importance in urban areas). The strategy also considers fisheries, one of ECOWAS' major economic resources, but in need of greater harmonisation of fishing regulations and negotiated fishing rights and agreements, as well as a system of surveillance under the jurisdiction of member states, and information gathering on resources and activities. There is also potential for the development of aquaculture and pisciculture in inland fisheries.

The strategy also considers forestry and wildlife, input supplies and credit, preservation, storage and food security, processing, marketing and trade, and research development and training. The strategy also proposes regular meetings of ministers of agriculture and the strengthening of the ECOWAS Secretariat, and a sub-regional agricultural information exchange.

In order to implement such a policy, it is argued that some level of centralization of the decision-making process is needed on all government energy functions and responsibilities. Thus the Authority recommended that every member state should establish a body within the machinery of government to be charged with coordinating and supervising all energy functions and activities within each member state. These functions and activities include: (i) energy resources inventory; (ii) energy manpower development; (iii) energy information bank; (iv) energy research and development; (v) commercialization of energy research results; (vi) establishment of energy-related industries. These bodies, or Commissions, should also deal with a further wide range of subjects, including protection from the hazards of energy exploration, the generation of indigenous scientific, technological and managerial capacity and the building of adequate research, capacity, measure and methods for conservation of energy raw materials and readily consumable energy, information gathering, etc.

The pooling of professional expertise within the Community to tackle jointly aspects of ECOWAS' energy equation, for example the acute shortage of fuelwood, and the ecological hazard of desertification. There should be a closer inter-action among the energy professionals of all member states, and a har-

b) ECOWAS INTEGRATED AND COMPREHENSIVE ENERGY POLICY

From the opening speech

and technical cooperation in the energy field between all member states and the outside world. The policy also calls for a concerted program to acquire "adequate capability to deal with every link in the entire chain of activities relevant to conventional energy sources, especially coal, petroleum and natural gas — from exploration right through to the delivery of products to the final consumer."

The policy envisages harmonized energy policies, "collective diversification" of energy supplies, *quid pro quo* arrangements for interchange of raw materials and finished products, a comprehensive energy map, joint requests for technical assistance from more advanced countries, short term projects, an energy development fund, a number of conservationist approaches, a "Marshall plan" for skilled manpower, the maximizing of efforts towards the application of nuclear power for electric power production and other peaceful uses, and the evolution of the potential contribution of each of the new and renewable sources to the Community's energy.

The policy concludes with a warning: "Hardships arising from a combination of adverse forces in the energy field are already felt within all the member states of the ECOWAS. It will be suicidal not to accept that these problems do exist and are worsening daily. Timely decisions and actions must be taken to prevent an already very bad situation from reaching the stage of catastrophe for the entire people of ECOWAS."

EXTRACTS FROM SPEECHES AT THE SUMMIT:

"Faced with all the evils from which our countries suffer cruelly, and which have for names, galloping inflation, ceaseless deterioration of the terms of trade, more and more accentuated pauperization of the mass of the people in our towns and countryside, all negative factors which inevitably bring a disturbing lowering of productivity, and a more and more marked dependence of our States vis à vis the developed countries, we should devote all our resources to mobilize, organize and discipline all our productive forces, all our energies and all our creative genius, to make of ECOWAS a really efficient and operational instrument of balanced development in the West African sub-region, in affirming courageously, through the tough and relevant decisions which will emerge from our work, our common political will to surmount victoriously, against all adverse currents, all the obstacles which will surely confront us in the process of integrating our national economies."

The fifth session of the Authority of Heads of State and Government of the Economic Community of West African States (ECOWAS), met in Cotonou, People's Republic of Benin, 28-29 May, 1982. Attending the meeting, which was at the level of Heads of State and Government, were the heads of state of twelve of the sixteen member states of ECOWAS (Benin, Ghana, Guinea, Ivory Coast, Liberia, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo and Upper Volta), the Prime Ministers of two (Cape Verde and Guinea-Bissau), the Ministers of Economic Planning from the Gambia and the Minister of Finance of Mali.

Opening the conference, President Mathieu Kérékou of Benin, host of the meeting, said that ECOWAS, in spite of numerous and complex difficulties, was advancing "inexorably towards the realization of its noble objectives." He also expressed the hope that the member states would fulfil their obligations with greater speed, and underlined the "imperious necessity" for a resolute commitment to Community aims. President Sika Stevens of Sierra Leone, who handed over to President Kérékou as Chairman of the Authority during the meeting, presented a report on Community Activity during the past year — "the consolidation of previous Community achievements as well as ensuring effective implementation of other Community programs."

He referred specifically to the final adoption by ECOWAS of "an acceptable definition of Community Citizen" which should "facilitate the implementation of the Protocol on the Free Movement of Persons." The debate on this subject had been long and protracted, "but this is as it should be if we are to satisfy ourselves with what is obviously a fundamental issue in intra-Community relations." In the past year, President Stevens noted, work has also been completed on the drafting of the Interstate

Road Transport (TIE) and the Interstate Road Transit (TIR) Conventions. These conventions were also related to the free movement of persons and are "meant to remove the many administrative barriers between Member States and facilitate economic and social intercourse among the various peoples of the sub-region" (these two conventions were subsequently signed before the end of the summit). The Sierra Leone President also noted that satisfactory progress had been made during the year towards the development of the telecommunications network and the two Trans-West African highways.

In their closed session, the Authority heard a statement from the President of Nigeria, Alhaji Shehu Shagari, which by consensus was agreed should be attached to the communiqué of the meeting. The Nigerian President recalled that it was seven years since the Organisation came into existence, and it was only wise that stocktaking should be made of achievements and problems encountered, so that "new, clear and concise directives and guidelines" could be given.

After stressing the need to implement community decisions, President Shagari commended for adoption a Community target of self-sufficiency in food production within the next five years, a target "much more ambitious than that provided in the Lagos Plan of Action." Given the agricultural potential of the sub-region, coupled with strong political commitment, he was convinced that the objective could be achieved. He also urged the priority be given to the development and maintenance of roads that link the countries of ECOWAS. "Collective self-reliance will be a dream if we cannot transport products from one country to another," National development programs should give greater attention to those projects that will foster the integration in the Community. The ECOWAS Fund should also be operated in a "thoroughly busi-

ness-like manner similar to other international financial institutions." The rules of decision-making for the Council of Ministers and Commissions should be made more flexible to allow them to take decisions on purely administrative matters "that do not impinge on the sovereignty of member states."

The Council then heard the report of the Executive Secretary, and the Council of Ministers (which had held two sessions in the preceding year, in November, 1981 in Freetown and in May, 1982 in Cotonou, immediately prior to the summit). Introducing his report, the Executive Secretary, Dr. Aboubakar Diaby Ouattara spoke of the beginning of the 1980s as a turning point for the organization as it passed from the phase of preparation and the establishment of institutions to that of implementation of programs. In the period May, 1981 to May, 1982 there were two dominant guidelines: firstly, that, in spite of the numerous difficulties that the organization had to overcome, the founding fathers of the Community could be convinced that it had passed over the "threshold of credibility."

Secondly, that the rhythm at which the Secretariat hoped to proceed, and that which the member states could accommodate were "out of phase", and that it had become apparent that an urgent solution had to be found to latent political problems which had not been broached since the founding of ECOWAS in 1975 if a new impulsion was to be given to the Community. This, he said, was the importance of the Cotonou summit.

Since May, 1981, the scheme for the liberalization of trade leading to a free trade zone in West Africa in 1989 had become a reality, although unhappily, not well known in the member states. Customs cooperation between administrations ("indispensable for the eradication of the curse of smuggling") was the subject of a

new convention (subsequently signed prior to the Authority's closing ceremony). He also spoke of the Community's other programs on which progress had been made — transport, telecommunications, industry, agriculture, energy and mineral resources.

The meeting then took a series of decisions, outlined in their closing communiqué. In the field of energy these were: the creation of a Fund for the Development of Energy Resources, the proclamation of the decade 1983-93 as "Reafforestation decade", and the reinforcing of the Community energy policy. In agriculture, the Authority adopted a regional strategy for agricultural development in ECOWAS, which had been prepared in the previous year, as well as a specific decision relating to the production of selected seeds and the choice of production centers, and a call for solidarity between member states in the course of international negotiations on primary agricultural products. There was also a decision on stockbreeding centers.

On Social and Cultural questions, the Authority decided on an information program related to the Protocol on the Free Movement of Peoples, the granting of scholarships, student exchanges, the creation of an ad hoc committee on the equivalence of diplomas within ECOWAS, the adoption of a general program of cultural exchanges, the organization of sporting activities within ECOWAS, and the creation of an ECOWAS prize. Lastly, the Authority decided that the cost of the construction of permanent headquarters (in Abuja for the Executive Secretariat and in Lamé for the ECOWAS Fund) would be borne by the Community. After signing a number of protocols and conventions, the Authority concluded its meeting by approving the dates of their next conference: May 28 and 29 in Conakry, capital of Guinea.

Extracts from speeches at the ECOWAS conference

My own assessment of developments so far gives me much cause for satisfaction but also some reason for concern. Some of the latter I should like to highlight in this brief intervention leaving others to be touched upon during our deliberations. Firstly, I wonder if we truly view ECOWAS in its proper perspective. For example should ECOWAS substitute for developments that should normally be carried out at the national level? ECOWAS should mainly provide a framework within which development programmes should be effected. It should act as a motivator on the attainment of our national development effort. It also has an obligation to promote collaborative effort where individual country actions cannot lead to desired results. This is the only way we can achieve maximum result at minimum cost. Our effort must, therefore, be directed at creating a framework within which national actions supported by Community actions, where necessary, will foster the rapid development of the Community as a whole.

I believe that we can do a lot more than we have done so far. I should also stress the need to involve the generality of our people with the work of the Community. Several of our people still know little or nothing about ECOWAS. Although I am aware of proposals to use sporting links and more effective mass communication system to bring

ECOWAS nearer to the people, I believe that these will continue to be inadequate so long as they are not harmonised and linked with actions at national level.

As the complexity of running this Organization grows daily, it is not out of order for the Ministers to consider and recommend to the authority the desirability of having two Vice-Chairmen to assist the Chairman.

ECOWAS should not be seen as an Organization where individuals adopt rigid attitudes for purely selfish reasons. We must be willing to compromise and be broad minded to see each other's point of view in our approach to the deliberations of the Community. We must resolve here and now to move forward and carry out our debates in a spirit of understanding and brotherliness, holding the wishes and aspirations of the Community very high.

Mr. Chairman, Brothers and Colleagues, Nigeria believes firmly in the ideals of ECOWAS and has willingly borne a sizeable burden to ensure its success. This is because of our belief in the emancipation of the black race politically and economically. Indeed, our detractors and those who do not wish us well will always seek ways of preventing us from achieving our goals in the ECOWAS. We must not permit this to happen. We must resolve to ensure that the success of this Community is no longer a dream

but a reality. We cannot and must not fail.

From the speech by President Shehu Shagari of Nigeria.

Our modest achievements such as I have cited rather than making us complacent should be a source of encouragement for us to score greater successes in the future especially as we have now reached what can be appropriately described as the implementation stage of our community projects. Attention should now be focused on achieving greater efficiency in the management of the various organs within the Community.

If I may be allowed to touch on one of the institutional arrangements within our Community; perhaps the time has come when we should give some thought to the convening of more frequent meetings than at present. Admittedly, our individual domestic calendars may place some constraints on this idea but I believe that the once-a-year Summit of Heads of State and Government of ECOWAS does not adequately provide us with sufficient time to discuss and deal with the many issues affecting cooperation within the sub-region. We therefore need to devise means whereby contact could be easily established among ourselves, even if at the Ministerial level, in the interest of the Community's work.

From the speech by President Sika Stevens of Sierra Leone.

A permanent effort of imagination is necessary to adopt and improve our structures and procedures. In the course of the last 20 years, the countries of the third world have discovered that there exists no exportable model for the organization of economic integration. It has been apparent from experience that each organization has continually to re-invent itself, and that the success and the survival of institutions of economic integration depend essentially on a lucid appreciation of the motives for cooperation and integration, permitting the unequivocal determination of the finality of common action, the limits of which are possible at each instant, and the tolerable socio-economic and political price.... the pressing task before our ECOWAS is to conceive efficient follow-up organs at the national level, to re-organise the institutional structure of cooperation in the sub-region, to realise a decentralisation of the implementation of cooperation programmes, and to translate each day a little more, our will to solidarity into concrete acts. There do not exist possibilities for durable economic integration without a real integration of minds and hearts....

From the statement presenting his report by the Executive Secretary of ECOWAS, Dr. Aboubakar Diaby Ouattara.

12 Month	Stock	Div	Yld	B/E	Stk	High	Low	Close	Prm
					10%			Quot	Clos

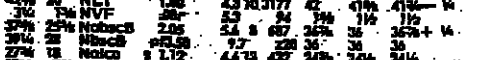
12 Month	Stock	Div	Yld	B/E	Stk	High	Low	Close	Prm
					10%			Quot	Clos

12 Month	Stock	Div	Yld	B/E	Stk	High	Low	Close	Prm
					10%			Quot	Clos

12 Month	Stock	Div	Yld	B/E	Stk	High	Low	Close	Prm
					10%			Quot	Clos

Chb

12 Month	Stock	Div	Yld	B/E	Stk	High	Low	Close	Prm
					10%			Quot	Clos



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BUSINESS / FINANCE

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WALL STREET WATCH

By EDWARD ROEBACH

European Fund Managers Say They Missed the Dow's Surge

If you've sat paralyzed during Wall Street's spectacular summer-end surge, transfixed like a rabbit caught in the gaze of a cobra, is it too late to join the buying spree?

First, take consolation from the fact that hardly any market experts saw the turn before economist Henry Kaufman of Salomon Brothers threw in the towel on his sky-high interest rate forecast, touching off the market's fastest start in 30 years.

Even the Professional Fund Manager, whose editor Stan Weinstein clairvoyantly announced July 9 that the bear market was over and told subscribers to his market-advisory letter to go 100-percent long, got sweat palms as the Dow Jones industrial average threatened a free-fall from the 770 level in mid-August. Just before the rally he backed off to advocating a 25-percent cash reserve for investors.

Second, take heart that apparently few money managers outside Wall Street were quick or flexible enough to join big-money institutions in the United States in falling over each other to buy stocks.

Europeans essentially missed the explosion, said Hermann Schweizer, who handles institutional investments for Bank Julius Baer in Zurich. But he believes a correction will come because more signs are needed that the U.S. economy is really improving and the world is overextended in terms of credit. He said the bank has been selling into the rally. It would become interested in buying around the 850 level of the Dow.

Expectations of a "decent correction, possibly as much as 100 points," were echoed by Peter Stevens, manager of securities research at Bank M&S & Hope in Amsterdam. He agreed that few Europeans took the Wall Street plunge in August, especially the big pension funds and insurance companies, which are less flexible about committing money. He is also troubled by uncertainties over the health of the U.S. economy and whether blue chip stocks are really blue chip long term. He cited Eastman Kodak and Xerox, both of which have had sizable gains and are the type of stocks that have led the rally.

Thierry Vandeweyer, vice president in Geneva of Capital Research, an institutional investment company, observed that few firms investing money for individuals in Europe got in on Wall Street's surge and that they are now expecting "a pullback that will give them a second chance." Noting that many Swiss bankers are fearful of a world financial crisis, he said that such a development, or even merely disappointing earnings when U.S. companies begin reporting third quarter results in October, would scare stocks into a significant retreat.

Safe in Cash

European money managers and investors still wanting in will help cut short any profit-taking corrections that afford good buying opportunities, according to Philippe Tripet, a partner in Bordier & Cie. He said the Geneva bank therefore is mostly upgrading its portfolio in high technology stocks, selling those in weaker financial condition and buying better quality issues like IBM, General Instruments, M/A-Com, AT&T and several over-the-counter stocks with good balance sheets.

Karl Von Horn, head of international investments for Morgan Guaranty, London, said most European money managers stayed on the sidelines partly because many have been in cash and "didn't ride the market down in the first place."

Robeco, a Rotterdam-based mutual fund with about \$1 billion invested in U.S. stocks, was 90-percent invested on Wall Street when the market turned, according to Jan R. Voute, manager of North American investments.

"We rode the market down too," he acknowledged, "but below 800 didn't see much downside risk so stayed almost fully invested."

Noting that it was his hunch Europeans missed out on the rally, he said: "No doubt a lot of American money managers did also." Mr. Voute believes the market will go higher, partly fueled by investors on both sides of the Atlantic "jumping in on the corrections."

A check with brokerage firms around Europe showed that while American institutional investors generally continue to be very bullish, the inclination in Europe is to sell into the rally. Mark L. Landau, managing director of Drexel Burnham Lambert, Paris, said selling was running three to four ahead of buying stocks in his office.

But typical of Wall Street's rosy outlook is Shearson/American Express, which says the bull market is "real and likely to persist." Gerald T. Kofie, chairman of the firm's investment committee, says: "With the right government policies in 1983 and 1984 and some good luck, the Dow Jones 1,000 level can finally become a floor and no longer the ceiling it has been for the last 17 years."

One of the dwindling number of U.S. bears is Joseph Granville. In his latest market letter he quotes from his March 6, 1982, edition: "The final book in this market will be the Kaufman Hook. He will finally tell you that interest rates are headed significantly lower and you will take that as a market buy signal, forgetting that in the final phase of bear markets interest rates have skidded."

International Herald Tribune

Hydro Projects In U.S. Running Into Rough Water

By Dan Gillmor

New York Times Service

BOLTONVILLE, Vermont — Cold, clear water thundered through the gaps of a ledge. "It's a tragedy," John Downs, who owns a share in the property, said, bemoaning the fact that the water would not be used at any time soon to generate electricity.

The location is one of thousands around the United States that could be turned into small but valuable hydroelectric projects. By fall, Mr. Downs said, the property at Boltonville might have been producing electricity to replace oil-generated power. Instead, it will not produce any, at least not this year.

The soaring energy prices of the 1970s created a surge of interest in projects such as the one contemplated at Boltonville. At one point, the Army Corps of Engineers said it would survey 50,000 sites around the country. Hydroelectric power, known in the industry simply as hydro, looked like a major source of energy for the 1980s and beyond.

Water power is clean, reasonably reliable and, once in production, invaluable to fuel price increases. Hydro was also expected to benefit substantially from U.S. law, which requires electric utilities to buy "home-grown" private power at a price reflecting the cost of the electricity the power company would otherwise have used, generally from its most expensive source. Hydro developers thus could depend on a "floor" price for their product.

But things have not turned out as expected. "It's not the utopia or panacea people predicted early on," said Leslie Eden, editor of Hydro Review, a quarterly that keeps tabs on the fledgling industry. In a survey based on U.S. figures, Miss Eden's magazine found that, by 1985, there will be only 400 new projects in operation and their total output will be a tiny fraction of national electric needs.

Projects in the survey will produce less than 20,000 kilowatts of power apiece, at their peak. Most will be much smaller. By comparison, a large coal or nuclear power plant produces more than 1.2 million kilowatts. The survey estimated the total output from small hydro projects at slightly more than a million kilowatts, less than a single nuclear reactor.

When in 1965 Mr. Downs and a friend purchased their property, once the site of a power company's hydro installation, no one considered restoring the plant. The property became a fishing retreat. In those days, power companies that owned such plants dismantled them. Oil was so cheap that it was more expensive to fix a broken turbine than to buy oil-generated electricity.

Two years ago, however, Mr. Downs and his partner, Warren Kaplan, formed a partnership with Essex Development Associates, a Boston concern with experience in the hydro industry. For a half interest in the power sales, Essex agreed to develop and operate the site as the general partner. Mr. Downs, who is a lawyer in Burlington, Vermont, and Mr. Kaplan, a lawyer in Washington, became limited partners, each with a 25-percent interest.



John Downs at his property in Vermont.

A major problem for hydro developers has been environmental repercussions. Damming a river, even a small one, can wreak ecological damage unless strict controls are enforced. Many developers have run into trouble obtaining water-quality permits.

Mr. Downs and his partners had no trouble with the permits. Their problem is one faced by most stalled developers now: cash.

"The primary ingredients in hydro are that it is capital intensive and tax intensive," said Eban Moulton, assistant vice president of the New England Merchants Bank in Boston, one of the few financial institutions actively working with developers of small hydro sites.

Enormous tax credits and incentives are available for developers of alternative energy. But, even combined with a relatively high purchase price for power in Vermont, these have failed to counter the effects of high interest rates and the softening of oil prices. Hydro plants are expensive to build, even if the power to run them is free.

"Financing is totally contingent on a long-term power contract with the utility," Mr. Moulton said. He added that power companies are reluctant to sign up for long-term transactions, arguing that they cannot tell what will happen to the price of other energy sources.

Mr. Downs said utilities are acting in their best interests, but other developers tell of recalcitrant power company officials who, they maintain, have done everything possible to avoid dealing with alternative energy.

Utility spokesmen say hydro power from small sites is unreliable and is available mostly when it is least needed. Arthur Ristau, director of corporate relations at the Green Mountain Power Corp., Vermont's second largest utility, said the prices the company would otherwise pay for energy are generally far lower than the rate set by regulators. Moreover, he said, hydro is most plentiful during the spring, when the utility meets its needs with cheaper sources than oil.

BIS Denies Report of Mexico Loan Suspension

BASEL — The \$1.85-billion emergency financing arranged for Mexico through the Bank for International Settlements is still available, BIS general manager Günther Schleiminger said Wednesday. Monetary officials in Toronto had said Tuesday that the BIS had decided to suspend availability of the aid pending agreement on an international Monetary Fund loan to Mexico.

Mr. Schleiminger said the BIS has not changed its position on the bridging loan. On Aug. 29 the BIS said it had granted the Bank of Mexico a \$925-million credit facility as part of the \$1.85 billion being

made available in cooperation with U.S. monetary authorities.

In Toronto, Mexico's finance minister, Jesús Silva Herzog, said Tuesday in a brief written statement that Mexico had neither arranged nor sought to extend the 90-day moratorium on principal repayments of public sector external debt coming due between Aug. 23 and Nov. 23.

He issued the statement in response to Mexican newspaper reports quoting him as saying that Mexico would pay only interest on its \$65-billion public sector foreign debt until the end of 1983. Mr. Silva Herzog's official spokesman in Mexico City had confirmed that he

Martin Marietta Turns Down New Bendix Takeover Offer

The Associated Press

NEW YORK — Martin Marietta Corp., which has enlisted the aid of United Technologies Corp. in its takeover battle with Bendix Corp., said Wednesday that its board has unanimously rejected a sweetened tender offer of \$1.58 billion from Bendix.

Thomas G. Pownall, president and chief executive of Martin Marietta, also said that he has rejected a request for a meeting from the Bendix chairman, William M. Agee.

Martin Marietta said its directors turned down the revised Bendix offer at a special meeting Tuesday night. The announcement accompanied the text of a letter sent Tuesday night from Mr. Pownall to Mr. Agee.

In the letter, Mr. Pownall said the directors rejected the new Bendix offer "on grounds of inadequacy and as being distinctly contrary to the best interests of Martin Marietta shareholders."

United Technologies Offer

On Tuesday, United Technologies, an aerospace and high-technology conglomerate, offered to acquire Bendix and to split the assets with Martin Marietta, a manufacturing and defense contracting corporation.

United Technologies' offer was contingent on Martin Marietta rescinding a \$1.5 billion bid for Bendix, and Bendix dropping its offer for Martin Marietta.

Martin Marietta agreed, but Mr. Agee rejected the deal and said Bendix would raise its takeover bid for Martin Marietta to about \$1.58 billion.

"This is the most complicated deal I've ever seen in my life," said Howard Rubel, who follows United Technologies for the investment firm of C.J. Lawrence.

Analysts Puzzled

Some analysts said they were puzzled by the United Technologies move, in part because of the conditions.

Alan Benasuli, an analyst at Drexel Burnham Lambert, said, "What perplexes me is that the offer has no teeth — it is conditional on Bendix not buying Martin Marietta."

Mr. Rubel and other analysts said they believed Bendix could persuade United Technologies to make a higher offer.

United Technologies said Tuesday that it was offering \$75 a share for up to 11.9 million Bendix shares, or 50.3 percent of the company's common stock. In a second

step, United Technologies said it would exchange one share of its common stock for 11.7 million remaining shares of Bendix.

The total value of the offer was estimated at \$1.3 billion.

Bendix Reply

Bendix replied by increasing its offer for Martin Marietta. It raised the cash portion of its tender offer \$5 per share to \$49 a share for 15.8 million shares, or 45 percent of Martin Marietta stock.

Earlier Tuesday, Bendix said about 58 percent of the outstanding shares of Martin Marietta were tendered to Bendix by a deadline set for Saturday night under its previous offer of \$43 a share.

Bendix released the text of a letter from Mr. Agee to Mr. Pownall, in which Mr. Agee made it clear that he did not expect Bendix directors to approve the United Technologies offer because it was lower than the Martin Marietta offer that Bendix had already rejected.

United Technologies said that if its bid for Bendix succeeds, its agreement with Martin Marietta calls for Martin Marietta to purchase certain aerospace-electronics operations and other assets of Bendix for \$600 million.

Gold's Price Rebounds From Fall

Compiled by Our Staff From Dispatches

NEW YORK — The price of gold surged in New York Wednesday afternoon, recovering from a sharp setback in European trading.

On the Commodity Exchange, gold for delivery this month was settled at \$483 an ounce, up about \$15 from Tuesday, after trading as high as \$497 in the afternoon.

Earlier in the day, gold fell amid reports of Arab support for the Reagan-Mideast peace plan. Some traders viewed the reports as lowering tension in the region, thus diminishing the allure of gold, traditionally a refuge in times of high stress. Later, however, traders found a new source of worry to support gold: rumors that a major West German bank would report a large loss. In Frankfurt, bankers

said the rumors were improbable, Reuters reported.

In London, gold closed with a drop of \$21 on the day, at \$461 an ounce, up slightly from the afternoon fix of \$458.

In currency trading, the dollar was firm against other major currencies. At midsession in New York, it was trading at 2.4882 Deutsche marks, about even with Tuesday's close.

In Paris, the dollar was fixed at a record 7.0330 francs, up from 6.9640 Tuesday. The previous high was 7.0325 francs on Aug. 9. The mark also was set at a record high against the franc.

France's moves to slow government spending and statements that it does not plan to withdraw from the European Monetary System have failed to convince some traders.

Dow Shows Small Rise After Midsession Rally

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange closed moderately higher Wednesday in fairly active trading, with energy issues providing much of the buoyancy. Profit-taking pressures continued.

The Dow Jones industrial average did manage to climb more than 10 points in early afternoon, but the rally lasted only an hour. The Dow, which had dropped 10.85 points Tuesday, finished with a gain of 1.47 points Wednesday to 915.75. Advances led declines 9 to 5 and volume rose to 77.98 million shares from 68.96 million yesterday.

Prior to the midsession trading, of American Stock Exchange issues.

In the 16 sessions before Tuesday, the Dow rose 148 points, or 19 percent, on record-breaking volumes. On Tuesday investors started to cash in on those gains.

Analysts said the market came under some pressure during the afternoon from rumors that a large West German bank was in financial difficulty. West German bank-

ers described the rumors as highly improbable. The rumors also led the price of gold to rise sharply in New York before easing in later trading.

The energy sector was the brightest spot Wednesday. Energy issues had lagged behind the rest of the market during the recent rally before starting to pick up Friday after a Merrill Lynch analyst, Robert Farrell, recommended the group for the short term.

Oil issues with gains on the active list included Exxon, up 1/2 to 29 1/2; Superior Oil, up 3 to 31; Standard Oil of California, 1/4 to 31; Atlantic Richfield, 1/4 to 42 1/2; Pennzoil, 1/4 to 29 1/2; Kerr-McGee, 1/4 to 30; Standard Oil of Ohio, 1/4 to 34 1/2; and Union Oil of California, 1 to 27 1/2.

Analysts expect stocks to continue to turn in an erratic performance for the next few days. The market appeared to be engaged in a battle between traders who wanted to cash in on some of the profit they made in the summer rally, and institutions that did not want to miss out on a major market turn, analysts said.

Doubt Clouds Fanfare at Boeing 767 Takeoff

By Thomas C. Hayes

New York Times Service

LOS ANGELES — The first commercial flight of Boeing's 767, United Airlines Flight 1767 from Chicago to Denver, was made on Wednesday with a champagne chattering and appropriate festivities.

But because of the industry's generally poor financial condition and other factors, such as weakening oil prices and European competition, the 767 is being introduced into an atmosphere filled with more uncertainty than proud anticipation.

Boeing Co. has not received an order for the 767 since July, 1981. The aircraft's assembly line, adjacent to the assembly lines for 747s in a plant in Everett, Wash., is turning out just two 767s a month, instead of the dozen anticipated when production planning began

after United Airlines placed its order in 1978.

"I doubt that you're ultimately going to see the number of orders for the 767 as the 747," said Robert J. Joedick, an airlines analyst for Lehman Brothers Kuhn Loeb Inc. "It's far too premature. The real concern is the weakness of the airline industry."

727 Is Prevalent

Boeing's line of 727 aircraft, which the 767 is designed to replace in part, is the world's best-selling commercial plane, with 1,825 orders since 1960. The 727-200 is so prevalent among the fleets of domestic airlines that some, led by American Airlines, have pressed Boeing to gear up for replacing the 727-200's three engines with two made by either Pratt & Whitney or Rolls-Royce that will run more quietly and burn less fuel.

Boeing has balked at the idea, since lengthening the lives of its 727s, first flown in 1963, would further dampen orders for the 767. The twin-engine 767 is called a wide-body aircraft, although its cabin is smaller than that of the 747, the original wide-body.

According to surveys conducted by United and other airlines in the research that led to Boeing's design, the casual traveler is most likely to remember the 767 for its three seats in the center and two seats on each side.

Cost Reductions Seen

Thus, unlike the 747, where the middle section has five seats, the 767 traveler will be no more than one seat away from an aisle. Also, overhead luggage compartments are larger and kitchen equipment is more advanced.

The airlines anticipate sharp reductions in operating costs because the 767, with its advanced flight systems, can be operated by two pilots instead of the three in present aircraft.

Flight tests through the spring and summer indicated that the 767 will use about 60 percent as much fuel as the 727-100. The new plane's range is between 1,000 and 4,000 miles — good for the more economical, nonstop trips between such cities as Cleveland and San Francisco, and Los Angeles and Miami.

The return on investment to airlines, however, is far below what they had counted on in 1978, when the first orders were placed by United, American, Delta Air Lines and Trans World Airlines.

Drop in Air Traffic

Instead of an expected increase, airline traffic has declined and the cost of fuel has slipped below \$1, making the 767 less attractive as a fuel economizer. Interest rates have soared beyond projections, putting the capital cost per seat on the 767 at \$200,000.

Boeing has also complained that cutbacks in proposed funding by the Export-Import Bank have caused it to lose business to Airbus Industrie, the European aircraft consortium. The Airbus A-310, currently in flight tests, is scheduled to make its commercial debut next spring.

The 767 is considered as sound as the comparable A-310, and at \$41 million a plane is \$4 million less expensive. But better financing terms, including lower interest rates, have given Airbus an edge in some negotiations.

That is one reason why Boeing's top executives, including Thornton A. Wilson, chairman and chief executive, and Malcolm T. Stamper, president, passed up the inaugural flight of the 767 for the Farnborough International Air Show this week near London.

Bolivia Fails to Repay \$38 Million in Loans

United Press International

LA PAZ — Bolivia defaulted Wednesday on a \$38 million payment owed to a group of 125 U.S. and European private banks and financial institutions headed by the Bank of America.

It was Bolivia's first failure to repay private banks. The Bolivian government previously went into arrears on payments of \$4 billion in public debt.

The Central Bank, which is closed for a week because of an employees' strike, would not release the total figure owed to the foreign consortium.

Devaluations of Peso

A spokesman for a member bank, however, confirmed that the consortium had received no notice of payment on Wednesday.

The failure to pay was the latest signal of the current economic crisis here, the worst in Bolivian history.

take place here at the end of the year, observers say.

The military government was expected this week to announce a controversial series of measures designed to help revive the economy.

The measures, approved by the International Monetary Fund, include the elimination of some subsidies and the setting of salary ceilings. Both measures are expected to lead to public protests.

Banks in La Paz remained closed for the second day in a row Wednesday because they were unable to secure cash for business transactions.

Cash flows have dried up because of the Central Bank strike, which began last week with a protest of the dismissal of two employees implicated in a false tin sale.

"The deterioration of the national economy has sent our banking system into one of its worst crises ever," said Javier Zuzo, president of the Bolivian Association of

CURRENCY RATES

Interbank exchange rates for Sept. 8, excluding bank service charges.

	\$	DM	FF	IL	Yen	Sfr	Swk	DK
Amsterdam	2.72	4.81	10.37	38.70	11.92	—	5.89	728.40
Bremen (a)	47.82	82.25	19.26	6.92	3.48	17.5925	—	22.574
Frankfurt	4.89	4.285	—	3.28	1.774	91.57	—	11.33
London (a)	1.743	—	4.28	13.1168	1.0138	4.4925	82.36	16.088
Paris	1.48220	2.41600	563.90	199.25	—	51.930	39.361	68.96
New York	—	1.7269	0.4022	0.1425	0.0715	0.2647	0.021	0.1728
Puerto Rico	7.033	12.128	282.75	—	2.8125	38.27	14.79	371.49
Zurich	2.126	2.440	83.30	30.715	0.1519	77.945	4.4657	—
1 ECU	0.946	0.691	2.350	6.695	1.027	4.2124	2.089	1.2641
1 SDR	1.0648	0.6295	2.263	7.6212	1.019	25.89	51.778	2.2603

	\$	DM	FF	IL	Yen	Sfr	Swk	DK
Stock	—	—	—	—	—	—	—	—
1000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
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1000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Salomon Brothers International

Goldman Sachs International Corp.

Algemene Bank Nederland N.V.

Credit Suisse First Boston

Morgan Guaranty Ltd

Orion Royal Bank

Swiss Bank Corporation International

County Bank

Deutsche Bank

Nomura International

Société Générale de Banque S.A.

Saudi Grip on Oil May Be Slipping

A Retreat From Benchmark Could Put Prices in Tailspin

By Nicholas Moore

LONDON — Western oil companies suspect that Saudi Arabia may be starting to lose its grip on the international oil market.

With Saudi production at a 10-year low, several industry executives said they believed the kingdom's power to determine world prices had never been so slight.

"They may be the biggest exporters but they are having to learn, like everyone else, that crude oil demand has plunged and they have to live in a buyers' market," said a senior U.S. oil company executive who declined to be named.

There is reluctance in the industry to be quoted for controversial comment on Saudi Arabia — an indication that companies still think a sudden shift in market forces might turn them back into supplicants at Riyadh's door.

Industry analysts said privately, however, that the Saudis appeared trapped. Their output is down to about 5.5 million barrels daily, compared with 10 million during 1981, and oil companies generally believe the Saudis need to produce six million a day, at \$34 a barrel, to meet financial needs.

The Saudis' price still serves as the benchmark for the Organization of Petroleum Exporting Countries, and if they joined the discreet OPEC price-shaving to restore sales, world prices could go into an uncontrolled drop.

A year ago the Saudis held all the cards. In the summer of 1981 they flooded the market to force OPEC to accept the \$34-a-barrel benchmark, exacting unprecedented price reductions by militant members Iran, Algeria and Libya.

The Saudi oil minister, Sheikh Ahmed Zaki Yamani, said then

that excessive prices were killing demand for OPEC oil and helping tilt the West into recession. The tactical retreat made on top prices was a sign of maturity — "OPEC has learned it can cut prices as well as raise them" — Sheikh Yamani said.

But the lesson, once taught, was to prove costly to the Saudis themselves. Demand for OPEC oil has fallen further, to about 16 million barrels a day last spring, against a 1979 peak of about 32 million.

And the one-time militants, having discovered that cutting prices did not entail the unbearable loss of face they had once feared, have responded by marking prices yet lower, sometimes below OPEC-mandated levels, in a scramble for buyers.

Iran openly charges \$31.20, Algeria, Libya and Nigeria officially just \$1.50 a barrel above the Saudi benchmark — far too small a "quality differential," say the Saudis, even without the secret discounts that other OPEC members allege that Libya is offering.

Libya, if it is discounting, is not alone, according to OPEC's own experts. They found recently that the average price of OPEC crude in the market was less than \$32 — against a theoretical average of mandated prices of \$33.20.

Saudi Arabia traditionally regards adhering to OPEC-mandated prices as a matter of honor; it has, accordingly, stuck with the \$34 that it engineered last year. The result is that the output of others has edged up, while the Saudis' has slumped.



Sheikh Ahmed Zaki Yamani

The kingdom does have about \$150 billion in financial reserves, but Western bankers say they detect a marked reluctance on the part of the Saudis to dip into those to make up lost oil revenues.

The Saudis have been warning OPEC since July that they, too, will join the price-cutting spree unless something is done to make their oil more competitive. Essentially, they want the African sellers of top grades to charge more.

The Africans have hardly been enthusiastic, OPEC sources say. And Iran, challenging the Saudis politically in the Middle East, says it is right for the kingdom to produce only five million barrels a day and make sacrifices for its OPEC brothers.

Tensions in the cartel may mount if, as the group predicts, demand for its oil edges above 21 million barrels a day toward the end of the year and members begin to compete anew for the extra market share.

German Analysts See Lower Chemical Profit

By Donald Nordberg

FRANKFURT — Weak first half results among major West German chemical producers have prompted investment analysts here to trim their forecasts for profit this year.

Of the three major chemical companies, BASF AG has had the biggest problems. Analysts have expressed doubt that it will be able to justify holding its dividend at the 7 Deutsche marks (\$2.80) a share paid in 1981.

Hoechst AG and Bayer AG profits are holding up better. But there is some speculation that they, too, may cut their dividends, which were also at 7 DM last year.

In recent weeks, the share prices of all three companies have fallen to near their postwar lows, with BASF and Bayer around 110 DM and Hoechst near 105. Yet even with dividends of, say, 6 DM, they would still yield domestic investors 8.5 to 8.7 percent, more than most West German shares and about as much as domestic bonds, an analyst said.

Strengths Lead to Weaknesses

All three are heavily dependent on export earnings and have been especially hard hit in the United States, where the recession has intensified price competition, the analysts said.

The United States was a particularly lucrative market in 1981, when the mark's relative weakness against the dollar allowed for increased exports. But the mark is not much weaker against the dollar than last year, and there is little room to improve on last year's high level of exports, the analysts said.

Chemical industry sources said the companies have suffered new setbacks recently in Latin America, where sales have dried up as a result of the region's debt problems.

In addition, there has been a seasonal slowdown this summer in volume sales, in contrast to the unseasonal strength of the chemicals business during the third quarter of last year, the industry sources said.

In the first half of 1982, BASF World Group earned 545 million DM before taxes, a 35-percent decline. Turnover increased 1 percent to 16.4 billion DM.

An analyst said that earnings at that level will be insufficient after taxes to support a 7-DM dividend.

He suggested a dividend of 6 DM as most likely. Last year's dividend absorbed 28.6 million of the world group's net profit of 371.5 million DM.

He said full-year figures are difficult to project because of extraordinary items tallied at the end of the year. But, he added, because of the structure of corporate income taxes, the tax bill will not decline in proportion to the drop in pretax earnings.

Analysts noted that BASF's strengths last year are among the reasons for its relative weaknesses this year. It is burdened by having its own supply of crude oil, when oil can be had more cheaply on the spot market. Also, they cited a decline in business for its potash subsidiary, Kali & Salz AG. That company recently announced reduced working hours.

BASF also faces large operating losses from its commodity plastics business, after a loss of 190 million DM in 1981. Westdeutsche Landesbank Girozentrale analysts now expect BASF to earn 11 DM a share this year, compared to 16 DM in 1981. The forecast late in July was 14.50 DM.

Other investment advisers said they are considering similar adjustments.

At Hoechst, first-half pretax profit fell 20.5 percent, to 558 million DM. Turnover rose 4.5 percent, to 17.9 billion DM. Analysts noted its earnings have been hurt by commodity plastic operations in particular.

Hoechst's chairman, Rolf Sammet, has said the group will try to hold its dividend at 7 DM, although some analysts saw this as a veiled warning not to regard the payout as a certainty.

Westdeutsche Landesbank has reduced its estimate of Hoechst's dividend by 2 DM, to 11 DM a share this year, compared to 13 in 1981. Another analyst said he might consider cutting it another mark.

Because it does not have a large plastics business and is able to capitalize on lower oil prices, Bayer has registered the best performance of the three. First-half pretax profit was down 17.7 percent, to 722 million DM.

But the fall was enough to prompt Westdeutsche Landesbank to cut its forecast for Bayer's dividends to 12 DM a share this year, from a previous forecast of 14.50. The 1981 dividend was 15 DM.

BUSINESS BRIEFS

Thomson-CSF Chairman Resigns

PARIS — Jean-Pierre Bouyssonie, chairman and chief executive officer of Thomson-CSF, resigned Wednesday, Thomson announced. A French radio report said he was dismissed by the board, but gave no reason. The company's directors named Alain Gomez — appointed in February as administrator of Thomson's then newly nationalized parent group, Thomson-Brandt — to replace Mr. Bouyssonie.

The board named Mr. Bouyssonie honorary chairman of the company. Mr. Gomez praised his predecessor's 30 years of service to the Thomson group and his "decisive role" in the creation of Thomson-CSF, which makes electronics and communications systems.

Paley Stepping Down at CBS

NEW YORK — William S. Paley announced Wednesday that he will step down as chairman of the board of CBS next April 20 after 55 years in the post.

Mr. Paley, who founded the Columbia Broadcasting System in 1928 and guided its fortunes as it grew into a giant of the television industry, will be succeeded by Thomas H. Wyman, now president and chief executive officer of CBS. Mr. Paley will remain a director of CBS and continue as chairman of the executive committee of the board in a consulting role.

Mr. Paley said he planned to become a partner in Whitcomb Communications Corp., which is the sole stockholder in Whitney Communications Corp. As well as U.S.-based magazines, newspapers and cable television interests, Whitney Communications owns one-third of the International Herald Tribune. Other owners of the Paris-based newspaper are The New York Times and The Washington Post.

Mr. Paley will be 82 on Sept. 28. Rumors about his retirement had been circulating for weeks, but until his announcement there had been no confirmation.

Cetus Expects No Profit This Year

BERKELEY, California — Cetus, one of the founders of the gene-splicing industry, expects to report no profit for the rest of this fiscal year. The company also said it had reduced its staff by 40 persons, leaving a total of 463 employees.

Net income for the year that ended June 30 was \$4.5 million, the company said Tuesday, but write-offs for discontinued programs and lower interest income will leave Cetus operating "close to break-even" for the next year. The net for fiscal 1981, when the company was getting off the ground, was \$744,000.

The company said it was discontinuing several long-term research projects to focus on biotechnology products with greater likelihood of early commercial use.

Run on a Hong Kong Bank Subsides

HONG KONG — A run on deposits at Hang Lung Bank, in which investors withdrew 70 million Hong Kong dollars (\$11.6 million), subsided Wednesday and the bank covered morning withdrawals of about 10 million Hong Kong dollars with new deposits, a spokesman said.

Calling Wednesday's deposits "unexpected and a constructive sign," the spokesman added that the bank expects the full amount eventually to be covered by new deposits as confidence returns.

The bank's clearing bank, the Chartered Bank, said in a statement that it was satisfied that the operations of Hang Lung were based on sound banking principles.

Fluor Sees Hope in Interest Drop

IRVINE, California — Fluor, which reported an increase in net income for its third quarter that ended July 31, says the recent drop in U.S. interest rates will be a "positive factor" for its engineering and construction businesses. It said lower rates should help revive the economy and stimulate prices for lead and zinc, both mined and smelted by Fluor.

Compiled From Agency Dispatches

Could you have turned \$50,000 into \$2,086,890 in 23 years?

If you have U.S. \$50,000 or more to invest in U.S. common stocks, be sure to send for a free explanatory memorandum and other information on Tweedy, Browne N.V., Netherlands Antilles open end fund. The fund's investments are managed by Tweedy, Browne Inc., 67 Wall Street, New York, New York 10005, a registered U.S. investment adviser established in 1921. The fund and its predecessor have achieved average compounded rates of return of 17.8% annually for the past 23 years. Which means an initial investment of U.S. \$50,000 would have grown to \$2,086,890, net of any fees. In the last five years, an initial investment of U.S. \$50,000 would have grown to \$123,501 net of any fees—a 19.9% annual rate of return.

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GOULD'S MAP FOR GROWTH

Electronics is one of Europe's fastest growing industries, and few electronics companies are growing faster than Gould.

In just a little over a decade, Gould has become a \$2 billion force in the American electronics industry. And now we are committed to the same kind of dynamic growth in Europe.

With 14 manufacturing plants already in Europe, we are making a whole range of high-technology products for use here and export world-wide. It's all part of our strategy.

It's a strategy that means Gould is focusing on the electronic products where our proven technological capabilities give us the strongest competitive advantage. We're concentrating in six market segments where this technology shows substantial growth opportunities.

These six key areas are high performance 32-bit minicomputers, factory automation, test and measurement, medical instrumentation, defence systems and electronic components and materials.

To learn more about our company, our strategy and our activities, write to Gould, Department A2, Raynham Road, Bishop's Cleeve, Hertfordshire CM23 5PF, England.



GOULD

Electronics & Electrical Products

IN CONJUNCTION WITH THE CHAPTER 11 CASE OF COMBUSTION EQUIPMENT ASSOCIATES, INC. PENDING IN THE UNITED STATES, THE FOLLOWING NOTICE IS PUBLISHED:

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

In re COMBUSTION EQUIPMENT ASSOCIATES, INC., Debtor. In Proceedings for Reorganization No. 80 B 11757 (JJC)

NOTICE OF BAR DATE FOR FILING PROOFS OF CLAIM OR INTEREST (LAST DATE TO FILE CLAIMS) AND OF CLAIMS PROCEDURE

TO: CREDITORS AND STOCKHOLDERS OF COMBUSTION EQUIPMENT ASSOCIATES, INC. AND TO ANY PERSON, ENTITY OR GOVERNMENTAL UNIT THAT ASSERTS A CLAIM AGAINST THE DEBTOR, COMBUSTION EQUIPMENT ASSOCIATES, INC.

PLEASE TAKE NOTICE that the United States Bankruptcy Court for the Southern District of New York has entered an order dated August 24, 1982 ("Claims Bar Order"), directing that all claims, as defined in 11 U.S.C. Section 101(4), relating to COMBUSTION EQUIPMENT ASSOCIATES, INC., including the claim of any creditor of any subsidiary of the Debtor or of a subsidiary of a subsidiary that holds or believes that it holds any claim against the Debtor or the Debtor's subsidiary, must be filed with the Bankruptcy Court in duplicate substantially in conformity with official Bankruptcy Form No. 15, on or before October 29, 1982 (the "Bar Date").

PLEASE TAKE FURTHER NOTICE that any claims required to be filed pursuant to the provisions of the Claims Bar Order, and not filed prior to the Bar Date, shall be FOREVER BARRED from assertion against the Debtor and its property and the holder of the claim shall be barred from voting on a plan or participating in any distribution in this case.

CREDITORS WHOSE CLAIMS ARE LISTED ON THE SCHEDULES OF COMBUSTION EQUIPMENT ASSOCIATES, INC., WHICH SCHEDULES WERE FILED WITH THIS COURT ON MAY 24, 1982 AND SUPPLEMENTED ON AUGUST 2, 1982, AUGUST 12, 1982 AND AUGUST 26, 1982 AND WHOSE CLAIMS ARE NOT LISTED AS "CONTINGENT," "UNLIQUIDATED" OR "DISPUTED" AND WHO DO NOT DISPUTE THE LISTED AMOUNT OF THEIR CLAIM, NEED NOT FILE PROOFS OF CLAIM. CREDITORS WHO HAVE ALREADY FILED PROOFS OF CLAIM NEED NOT FILE AGAIN. STOCKHOLDERS WHOSE CLAIMS ARE BASED ON THEIR SHARES OF STOCK NEED NOT FILE PROOFS OF INTEREST. AT THIS TIME, CREDITORS WITH CLAIMS FOR ADMINISTRATIVE EXPENSES NEED NOT FILE PROOFS OF CLAIM AT THIS TIME. SUBSIDIARIES OF THE DEBTOR, OTHER THAN COMBUSTION EQUIPMENT ASSOCIATES, INC., AND SUBSIDIARIES OF SUBSIDIARIES NEED NOT FILE PROOFS OF CLAIM AT THIS TIME.

CREDITORS WHO ARE NOT LISTED ON THE SCHEDULES INCLUDING CREDITORS OF ANY SUBSIDIARY OF THE DEBTOR OR OF A SUBSIDIARY OF A SUBSIDIARY WHO HOLD OR BELIEVE THEY HOLD CLAIMS AGAINST THE DEBTOR, OR CREDITORS WHOSE CLAIMS ARE LISTED AS "CONTINGENT," "UNLIQUIDATED" OR "DISPUTED," OR WHO DISPUTE THE AMOUNT OF THEIR CLAIM AS LISTED ON THE SCHEDULES MUST FILE DUPLICATE PROOFS OF CLAIM WITH THE BANKRUPTCY CLERK, ROOM 230, UNITED STATES COURTHOUSE, FOLEY SQUARE, NEW YORK, NEW YORK 10007. STOCKHOLDERS WHOSE CLAIMS ARE EVIDENCED BY OR BASED ON SOMETHING OTHER THAN THEIR SHARES OF STOCK MUST FILE PROOFS OF CLAIM WITH THE BANKRUPTCY COURT AS DESCRIBED IN THIS NOTICE.

The provisions of the Claims Bar Order apply to all claims of whatever character against the Debtor or its property, whether secured, unsecured, liquidated or unliquidated, fixed or contingent.

Copies of the Schedules, the Application for the Claims Bar Order and the Claims Bar Order are available for inspection during regular business hours, at the offices of the Clerk of the Bankruptcy Court, Room 230, United States Courthouse, Foley Square, New York, New York 10007.

BY ORDER OF THE COURT
J. JOHN J. GALAGY
BANKRUPTCY JUDGE

ANDERSON RUSSELL KILL & OLICK, P.C.
665 Third Avenue
New York, New York 10017
(212) 850-0700
Arthur S. Ollick, Esq.
Tim L. Walker, Esq.

TOWNLEY & UPRIDE
405 Lexington Avenue
New York, New York 10174
(212) 682-4555
Philip S. Ollick, Esq.

Co-counsel for the Debtor
INFORMATION REGARDING THE SCHEDULES AND THE MANNER IN WHICH A CREDITOR HAS BEEN LISTED MAY BE OBTAINED BY CONTACTING:

MICHAEL TRACHTENBERG
Combustion Equipment Associates, Inc.
136 E. 57th Street, New York, New York 10022

(*) In reference to the foregoing notice, set forth below for your use in determining whether to file a proof of claim against Combustion Equipment Associates, Inc. is a list of the subsidiaries of Combustion Equipment Associates, Inc. and their subsidiaries as of October 20, 1980.

Corporate Name	Jurisdiction of Incorporation	Corporate Name	Jurisdiction of Incorporation
Resource Recovery Associates, Ltd.	England	CEA-Simon Day Ltd.	Canada
Arnold (M. Diamond), Inc.	New York	Nelson Blower Company Limited	Canada
Basic Constructors Limited	Bermuda	Horvath, Ltd.	Canada
Bonanza Fuel Corp.	New York	James Realty Ltd.	Manitoba, Canada
CEA Combustion, Inc.	New York	CEA Combustion Ltd.	England
CEA International Ltd.	Channel Islands (U.K.)	Associated British Combustion Ltd.	England
CEA International Trade Ltd.	New York	CEA Engineering Ltd.	England
CEA/OKY N.J.	New Jersey	Environmental Management Systems, Ltd.	England
Operating Corp.	New Jersey	CEA Controls Limited	England
Combe Equipment Corp.	New Jersey	Controls and Electronics Ltd.	England
Combe Fill Corp.	New Jersey	Todd Combustion Ltd.	England
Combustion Corporation	California	Hemlock Equities, Inc.	Dalaware
Combustion Equipment Associates of Canada, Ltd.	Canada	Indo-Chem Construction Corp.	New Jersey
Combustion Equipment of New Jersey, Inc.	New Jersey	The International Boiler Works Company	Dalaware
Comox N.J. Equipment Corp.	New Jersey	Resource Recovery Associates, Inc.	Connecticut
Compet N.J. Marketing Corp.	New Jersey	Resource Recovery Associates, Inc.	Dalaware
Control Equipment Services, Inc.	New Jersey	Redwood Corporation	Nevada
C.O. Union Renewal Corp.	New Jersey	Siemon Manufacturing Company	Massachusetts
Environmental Facilities Co., Inc.	Dalaware	PPD Combustion, Inc.	Massachusetts
Hart-Carter Company	Dalaware	SBE Corp., Inc.	Massachusetts
CEA-Carter America, Inc.	Minnesota	SW of Mass., Inc.	Massachusetts
CEA-Carter Day Company	Minnesota	CEA Continental Ltd.	Channel Islands
CEA-Carter International, Inc.	Minnesota	CEA International GmbH	Germany
CEA-Carter Overseas, Inc.	Minnesota		

Indonesian Aides Believed to Seek New Borrowing

JAKARTA — The Bank of Indonesia's governor, Rachmat Saleh, has had a series of meetings here with representatives of major Western banks to discuss terms for a possible new general-purpose credit of \$300 million to \$500 million, foreign bankers said Wednesday.

Mr. Saleh and Finance Minister Ali Wardhana were continuing their talks on a loan with bankers attending the International Monetary Fund and World Bank meeting in Toronto, the bankers said.

A spokesman for the Finance Ministry said he could not comment on the matter because the minister and senior officials were in Canada. Bank of Indonesia officials were not available for comment.

If such a loan were taken up, Indonesia would have raised more than \$1 billion in credit on the commercial market in 12 months. Bankers believe the extra borrowing will be necessary to cover payments deficits and to avoid a serious drawdown on official reserves. They said that about \$4 billion held by Indonesian banks abroad, are still considered a foreign exchange cushion.

Indonesia's ambitious development plans have been decimated by the oil glut and world recession. President Suharto, faced with seriously declining foreign revenues, recently denied rumors that the rupiah would be devalued in an attempt to improve terms of trade. But the country's balance of payments position has been deteriorating.

Gold Markets

	A.M.	P.M.	CLOSE
Hambourg	472.25	471.50	471.50
London	504.00	504.00	504.00
Paris (12.5.30)	467.25	467.25	467.25
Zurich	468.00	468.00	468.00
Official Rates for London, Paris and Zurich			
U.S. Dollars per ounce			

Gold Options (prices in \$/oz.)

Price	Nov.	Feb.	May
490	40.00-44.00	39.00-34.00	37.00-33.00
510	38.00-34.00	41.20-42.50	40.00-33.00
530	36.00-34.00	33.20-32.50	30.00-31.00
550	34.00-34.00	32.00-27.00	30.00-34.00
570			27.00-25.00

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ART BUCHWALD

A Hot Line in Moscow

WASHINGTON — Good news from Moscow! The Soviet Telephone Company, according to news reports, now has a 24-hour working number where you can call for counseling and psychiatric advice. The phones are manned by professional personnel from the "National Center for the Study and Prevention of Extreme Conditions."

What kind of calls are coming through? Here's my best guess: "This is the Moscow Confidential Telephone. I am listening."

"I want to leave the Soviet Union. The police say I'm crazy."

"Why do you want to leave the motherland?"

"Because my father went to California, and he said it was a much better place to live, and he wants me to join him."

"Do you always do what your father tells you?"

"Not always. But this time I think he has a pretty good idea."

"You shouldn't make big decisions when you're depressed."

"I'm only depressed because they won't give me an exit visa to go to California. I don't want to spend another winter in Moscow."

"You can't solve your personal problems by moving someplace else. You will only take them with you."

"No. But on the other hand I don't have the authority to send you away to Siberia for 20 years either."

"This is your Confidential Telephone. Do you have a problem?"

"No. I'm happy as can be. I have a two-room apartment I share with four other families, my son was captured in Afghanistan, I work two shifts at the steel factory, but only get paid for one, and my daughter has just been thrown out of the university for reading a book by Boris Pasternak. I've never been more content in my life."

"So why did you call?"

"Don't I sound nuts to you?"

"No. You sound like you're going through a mid-life crisis. It happens when anyone thinks he's achieved the Soviet dream."

"That's what you think. Just get me on a plane to California and I won't have a problem in the world."

"You're not in any condition to talk about getting on a plane. Come to the institute tomorrow and we'll talk about it some more."

"That's what the police told me."

"Listen to them. They know more than your father."

"Hello, is this the Confidential Telephone?"

"You sound angry."

"I am angry. How come the people in the U.S.S.R. don't have enough to eat?"

"You think we don't have enough to eat?"

"I know we don't have enough to eat. Have you been to the market this week?"

"Do you always get angry when you don't have enough to eat?"

"No, sometimes I do a dance and sing the 'Volga Boatman.' Why shouldn't I get angry when I don't have enough to eat?"

"Anger is dangerous if you don't know how to channel it. Who are you angry at?"

"The stupid officials in the government who don't know how to feed the people."

"You shouldn't get angry at them."

"Then who should I get angry at?"

"You can get angry at me."

"Why should I get angry at you. You don't have anything to do with collective farm planning do you?"

"No. But on the other hand I don't have the authority to send you away to Siberia for 20 years either."

"This is your Confidential Telephone. Do you have a problem?"

"No. I'm happy as can be. I have a two-room apartment I share with four other families, my son was captured in Afghanistan, I work two shifts at the steel factory, but only get paid for one, and my daughter has just been thrown out of the university for reading a book by Boris Pasternak. I've never been more content in my life."

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"No. But on the other hand I don't have the authority to send you away to Siberia for 20 years either."

By Jason Weiss

International Herald Tribune

NEW YORK — When he was

a young graduate student

and lecturer, Gregory Rabassa

used to go to hear Charlie Parker

play at jazz clubs in New York

and would talk with him at parties.

Rabassa was working toward

a Ph.D. in Spanish and Portuguese

at Columbia University.

By the time he left Columbia in

1968, after teaching there for

more than 20 years, Rabassa,

with his ear for the secret bridges

between languages was fast be-

coming what he is known as to-

day: the preeminent translator of

the new Latin American fiction.

His first full-length translation,

of Julio Cortazar's novel "Hop-

scotch," won him a National

Book Award for Translation in

1967. Still, it was not until his

translation of Gabriel Garcia

Marquez's monumental "One

Hundred Years of Solitude" in

1970, that Rabassa and the vi-

brant worlds of the new writers

became known to general En-

glish-language audiences. In 1977,

he won a PEN American Center

Translation Prize for another

Garcia Marquez novel, "The Au-

tumn of the Patriarch."

"Everything in my life has al-

ways been very serendipitous,"

Rabassa admits. Now 60, he ne-

ver intended to be a professional

translator. In 1960,

Odyssey Review, based at Colum-

bia, asked him for advice on

Latin American writers for a spe-

cial issue, and soon he was also

translating for it. When the ma-

gazine appeared, an editor at Pan-

theon asked him to do the Corta-

zar book.

Rabassa's career coincides

neatly with what critics and jour-

nalists call the boom in Latin

American literature. He has

translated the major novels of

most of the boom's leading fig-

ures, including "The Green

House" and "Conversation in

the Cathedral" by the Peruvian Ma-

rio Vargas Llosa, and Garcia Ma-

rquez's books, and the late Nobel

Prize-winning Guatemalan, Mi-

guel Angel Asturias.

English translations and the

internationalization of the new

Latin American writers "made

them respectable," says Rabassa,

although he insists that their

work certainly stands on its own.

"The boom was a sign of cultural

maturity in Latin America."

"They went back to the origi-

nal novel, which was invented in

Spain by Cervantes. But then he

wasn't a translator, he was a

writer. In translating, says Rabassa, "I

English, at the same time they

were taking Janis and Gibrat-

they also stole the novel. They

took it back to England and the

Spaniards never followed up on

Cervantes. The novel that they

had was all distilled in England

and France, and slowly trickled

back into Spain in the 19th cen-

tury, but it wasn't the Spanish no-

vel anymore."

The Translator

Gregory Rabassa's Part in the Boom

In Latin American Literature

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vel anymore."

"So these writers came back

and started at second base, from

Cervantes. Because if you look at

Cervantes again, read him in the

context of the boom, the new

novel, it's amazing the things he

does that we think are very inno-

vative among them. For example,

the business of sticking the reader

into the story the way Borges and

Cortazar do, Cervantes did it."

Language Professor

Since 1968, Rabassa has been

professor of Romance languages

and comparative literature at

Queens College of the City Uni-

versity of New York. "All these

years I've been teaching Great

Books courses," he says. "So I'm

used to a very broad chunk of

books. Gilgamesh to Joyce and

everything in between." On occa-

sion he includes some of the

books he has translated, which

"does make it easier," and about

every other year he also does a

translation course.

In my day, when you studied

a language, by God you translated

it. And I'm wondering whether

we should bring that back a little.

Not just for learning that

language, but your own lan-

guage. It helps with the writing,

and then you can see the differ-

ence between the two languages.

"I think you also learn a lan-

guage, like athletics in a sense, in

that you absorb it. So that you're

not conscious you're learning it,

but you know how to use it next

time around."

He appreciates differences; it

was his early travels, particularly

to Mexico and Brazil, that

"nailed down" his languages. Put

another way, he'll talk music any-

time, for Rabassa is both a writer

and a listener, an improviser.

In translating, says Rabassa, "I

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Gregory Rabassa

pet, really a file. I'm hoping someday it will blossom and take shape. I have a title, 'The Stool Pigeon,' with the double meaning."

But mostly he is translating more books. "Right now I'm working on a Chilean novel that is being commissioned by the author's son and a Chilean painter, and it's very good. The author is Volodia Teitelboim, a native-born Chilean, who was in Alende's cabinet. This is a wild, surreal novel of the coup."

In tandem he is working on Luisa Valenzuela's latest book and also on an anthology of the writings of Padre Antonio Vieira, a 17th-century Portuguese-Brazilian missionary and preacher. Rabassa received a fellowship from the National Endowment for the Humanities to do the latter work.

Rabassa checks his watch: time for a year-end graduate meeting. "I'm a New Englander," he says in passing, threatening to get thick with the accent, telling jokes. "New Englanders always like to see the other side of things. That's important for a translator."

AM London, the Republican party's 1936 presidential nominee, who will celebrate his 95th birthday today in Topeka, Kansas, says he's never seen such global disor-

PEOPLE

Wenders' Film Wins

The West German film "Der Stand der Dinge" (The State of Things) by director Wim Wenders won the Golden Lion award, the Venice Film Festival jury announced. Another West German movie, "Imperative" (Imperative) by Krzysztof Zanussi won the special jury prize. Other awards included: Golden Lion for the best first film by a new director: shared between "De Smak van Water" (The Taste of Water) by Dutch director Orlof Seunke and "Scipione" by Italian Luciano Odorisio. The prize for the best artistic-professional performance went to Russian Mikhail Ulyanov for his role in the movie "Castanya Zim" (Private Life) made by Soviet director Yuri Raizman.

Actress Janet Gaynor is "awake and alert" but still in critical condition after an accident that seriously injured stage star Mary Martin, 68, and killed Martin's manager Ben Wessler. Fans and celebrities jammed the switchboards of San Francisco General Hospital as doctors announced Gaynor will be hospitalized for four to six weeks.

"The outcome in her case will not be known for several days," said Dr. Frank Lewis, assistant chief of surgery, adding that Gaynor, 75, was brought through a tube in her throat. Gaynor suffered a torn bladder and fractures of her collar bone, pelvis and 11 ribs. Martin suffered a bruised kidney, a broken pelvis and two broken ribs. Gaynor's husband, Paul Gregory, 62, suffered broken legs. Lewis said Gaynor may require additional surgery but Martin and Gregory would not. He said Martin would be in the hospital for about two weeks. The driver of the van that smashed into their cab, Robert Cato, 36, will be arraigned Friday on charges of manslaughter, drunken driving, reckless driving, speeding and running a red light. Last October, Cato was charged with trying to run down a motorist after arguing with her about her driving, according to the San Francisco Chronicle. The charge was dropped when Cato agreed to seek psychiatric help and perform 10 hours of community service work, the newspaper said.

More than 60 internationally famed musicians have signed a letter opposing cuts in the Netherlands government subsidy for the prestigious Concertgebouw Orchestra. The letter appeared shortly before the general election, in which government support for the arts is a hot issue. More than half of its funding comes from the government. Among the names on the letter are those of Leonard Bernstein, Vladimir Ashkenazy, Daniel Barenboim, Alfred Brendel, Colin Davis, Antal Dorati, Dietrich Fischer-Dieskau, the members of the Amadeus and Juilliard quartets, Zubin Mehta, Yehudi Menuhin, Karel Pokorny, Eino Tamara, Riccardo Muti, Carlo Maria Giulini, Klaus Tennstedt, Placido Domingo, Pierre Boulez, Luciano Berio, Witold Lutoslawski and Sir Michael Tippett. The budget cuts would mean the dismissal of 23 players. The Netherlands now has an unemployment rate of 12.6 percent and faces budget deficits of approximately 10 percent. The Ministry of Culture's suggested cuts are part of a general program of budget-cutting imposed on all government ministries. According to the letter, the cuts "threaten to destroy the Concertgebouw Orchestra as a world-class ensemble."

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